

# Work Options For Women

Financial Statements

Year Ended December 31, 2019



**WORK**  
  
**OPTIONS**  
**for**   
**WOMEN**

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**WORK OPTIONS FOR WOMEN**  
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## **INDEPENDENT AUDITOR'S 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, 2019, 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.

### **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. 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 2, 2019. In our opinion, the summarized comparative information, presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wipfli LLP*

Wipfli LLP

June 10, 2020  
Denver, Colorado

# WORK OPTIONS FOR WOMEN

## Statements of Financial Position December 31, 2019 (With Comparative Totals for December 31, 2018)

### ASSETS

	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 242,964	\$ 335,916
Certificates of deposit, current portion	190,614	291,464
Government grants receivable	87,998	62,839
Contributions and grants receivable	108,117	39,515
Accounts receivable	26,445	16,193
Inventory	19,458	13,601
Prepaid expenses	19,337	27,962
Total Current Assets	<u>694,933</u>	<u>787,490</u>
<b>Property and Equipment, net</b>	<u>104,510</u>	<u>110,288</u>
<b>Other Assets</b>		
Certificates of deposit	120,213	15,251
Lease deposits	5,000	5,000
Total Other Assets	<u>125,213</u>	<u>20,251</u>
Total Assets	<u>\$ 924,656</u>	<u>\$ 918,029</u>

### LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Accounts payable	\$ 89,231	\$ 54,397
Accrued payroll and benefits	46,341	51,908
Accrued sales tax	2,592	2,719
Other liabilities	2,215	2,081
Total Current Liabilities	<u>140,379</u>	<u>111,105</u>
<b>Net Assets</b>		
Net assets without donor restrictions:		
Undesignated	(19,807)	173,115
Board designated	475,000	475,000
Total net assets without donor restrictions	455,193	648,115
Net assets with donor restrictions	<u>329,084</u>	<u>158,809</u>
Total Net Assets	<u>784,277</u>	<u>806,924</u>
Total Liabilities and Net Assets	<u>\$ 924,656</u>	<u>\$ 918,029</u>

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

## WORK OPTIONS FOR WOMEN

### Statements of Activities Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	Year Ended December 31, 2019			Total 2018
	Without Donor Restrictions	With Donor Restrictions	Total 2019	
<b>Revenues, Support and Gains</b>				
Support and Gains:				
Contributions and grants	\$ 635,632	\$ 223,117	\$ 858,749	\$ 946,941
Special events, net	47,781	-	47,781	78,592
Investment income	4,499	-	4,499	1,914
Net assets released from restrictions	52,842	(52,842)	-	-
Total Support and Gains	<u>740,754</u>	<u>170,275</u>	<u>911,029</u>	<u>1,027,447</u>
Operating Revenues:				
Fees for services - Government grants	371,584	-	371,584	292,807
WOW Café food service	364,876	-	364,876	379,386
Café United food service	160,838	-	160,838	139,209
Other revenues	3,132	-	3,132	4,186
Total Operating Revenues	<u>900,430</u>	<u>-</u>	<u>900,430</u>	<u>815,588</u>
Total Revenues, Support and Gains	<u>1,641,184</u>	<u>170,275</u>	<u>1,811,459</u>	<u>1,843,035</u>
<b>Expenses</b>				
Program services:				
Training/WOW Café	1,092,213	-	1,092,213	991,133
Café United	244,760	-	244,760	244,603
Mobile Culinary Classroom	307,096	-	307,096	238,937
Total Program Services	<u>1,644,069</u>	<u>-</u>	<u>1,644,069</u>	<u>1,474,673</u>
Supporting services:				
Management and general	42,910	-	42,910	64,036
Fundraising	128,605	-	128,605	155,968
Total Supporting Services	<u>171,515</u>	<u>-</u>	<u>171,515</u>	<u>220,004</u>
Total Expenses	<u>1,815,584</u>	<u>-</u>	<u>1,815,584</u>	<u>1,694,677</u>
Change in Net Assets before Depreciation and Loss on Disposal of Property and Equipment	(174,400)	170,275	(4,125)	148,358
Depreciation	(18,522)	-	(18,522)	(45,530)
Loss on Disposal of Property and Equipment	-	-	-	(9,042)
<b>Change in Net Assets</b>	<u>(192,922)</u>	<u>170,275</u>	<u>(22,647)</u>	<u>93,786</u>
NET ASSETS, Beginning of Year	<u>648,115</u>	<u>158,809</u>	<u>806,924</u>	<u>713,138</u>
NET ASSETS, End of Year	<u>\$ 455,193</u>	<u>\$ 329,084</u>	<u>\$ 784,277</u>	<u>\$ 806,924</u>

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

## WORK OPTIONS FOR WOMEN

### Statements of Functional Expenses Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	Program Services			Supporting Services		Total Year Ended December 31, 2019	Total Year Ended December 31, 2018	
	Training/ WOW Café	Café United	Mobile Culinary Classroom	Total Program	Management and General			Fund- Raising
Salaries and benefits								
Salaries and wages	\$ 409,332	\$ 107,286	\$ 189,503	\$ 706,121	\$ 23,157	\$ 87,591	\$ 816,869	\$ 833,428
Payroll taxes	31,507	8,550	15,141	55,198	1,791	6,871	63,860	66,865
Employee benefits	55,374	12,172	19,907	87,453	3,021	6,616	97,090	82,970
Total salaries and benefits	496,213	128,008	224,551	848,772	27,969	101,078	977,819	983,263
Food and beverage	200,194	43,595	624	244,413	-	-	244,413	215,654
Student incentive and expenses	110,138	90	40,078	150,306	-	900	151,206	110,584
Marketing	89,855	945	978	91,778	343	1,380	93,501	14,319
Professional fees	34,189	17,653	14,694	66,536	6,897	18,366	91,799	93,966
Occupancy	50,916	19,737	3,739	74,392	1,179	2,359	77,930	76,074
Paper, disposables, uniforms and linens	52,970	16,066	4,136	73,172	-	-	73,172	69,420
Equipment and repairs	9,219	3,877	8,498	21,594	275	478	22,347	21,363
Credit card processing fees	15,488	4,266	11	19,765	372	933	21,070	22,514
Insurance	6,534	2,185	1,632	10,351	544	1,088	11,983	13,243
Travel	7,987	460	2,190	10,637	928	164	11,729	21,256
Telephone and internet	3,649	1,055	3,505	8,209	413	695	9,317	10,040
Janitorial	5,135	3,809	-	8,944	-	-	8,944	8,438
Office supplies	4,130	2,065	1,060	7,255	431	676	8,362	15,531
Training and development	1,354	302	858	2,514	3,378	127	6,019	2,880
Dues and subscriptions	3,170	647	542	4,359	181	361	4,901	6,145
Bad debts	1,072	-	-	1,072	-	-	1,072	9,987
Total Expenses before Depreciation and Loss on Disposal of Property and Equipment	1,092,213	244,760	307,096	1,644,069	42,910	128,605	1,815,584	1,694,677
Depreciation	3,885	541	13,696	18,122	133	267	18,522	45,530
Loss on disposal of property and equipment	-	-	-	-	-	-	-	9,042
Total Expenses	1,096,098	245,301	320,792	1,662,191	43,043	128,872	1,834,106	1,749,249
Plus cost of direct benefit to donors netted with revenues on the statement of activities	-	-	-	-	-	73,396	73,396	72,445
Total Functional Expenses	<u>\$ 1,096,098</u>	<u>\$ 245,301</u>	<u>\$ 320,792</u>	<u>\$ 1,662,191</u>	<u>\$ 43,043</u>	<u>\$ 202,268</u>	<u>\$ 1,907,502</u>	<u>\$ 1,821,694</u>
Percentage of Total Expenses	<u>57.5%</u>	<u>12.9%</u>	<u>16.8%</u>	<u>87.1%</u>	<u>2.3%</u>	<u>10.6%</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, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (22,647)	\$ 93,786
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	18,522	45,530
Net loss on disposal of property and equipment	-	9,042
Change in operating assets and liabilities:		
Receivables	(104,013)	32,540
Inventory	(5,857)	(3,151)
Prepaid expenses	8,625	(6,345)
Accounts payable	34,834	16,964
Accrued payroll and benefits	(5,567)	21,568
Accrued sales tax	(127)	404
Other liabilities	134	54
Net Cash Flows From Operating Activities	(76,096)	210,392
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(12,744)	(92,036)
Reinvested interest in certificates of deposit	(4,112)	(1,544)
Net Cash Flows From Investing Activities	(16,856)	(93,580)
Net Change in Cash and Cash Equivalents	(92,952)	116,812
CASH AND CASH EQUIVALENTS, beginning of year	335,916	219,104
CASH AND CASH EQUIVALENTS, end of year	\$ 242,964	\$ 335,916

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, 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 (GAAP) 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 activities. 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 time spent, utilization, and square footage.

***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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018.

***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, 2019 and 2018.

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

***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 net realizable value on the first-in, first-out basis.

***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, 2019 and 2018.

***Contribution Revenue***

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

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

### ***Grant Revenue***

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

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

### ***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.

### ***Food Service Revenues***

WOW operates a café within the Mile High United Way building and the City and County of Denver facility, both located in Denver Colorado. Food service revenues from these operations are recognized at the point of sale.

### ***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, 2018, from which the summarized information was derived.

### ***Change in Accounting Policy***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 - Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. WOW adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. The adoption of this guidance had no effect on WOW's recognition of revenue from contracts with customers.

**WORK OPTIONS FOR WOMEN**  
**Notes to Financial Statements**  
December 31, 2019 and 2018

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

***Change in Accounting Policy (continued)***

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. WOW adopted this guidance as of January 1, 2019, with no effect on its recognition of contributions and grants received.

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**2. 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 comprised of the following:

<u>As of December 31,</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 242,964	\$ 335,916
Certificates of deposit, current portion	190,614	291,464
Government grants receivable	87,998	62,839
Contributions and grants receivable	108,117	39,515
Accounts receivable	<u>26,445</u>	<u>16,193</u>
Total financial assets	<u>656,138</u>	<u>745,927</u>
Less:		
Restricted contributions included in cash and cash equivalents	(220,967)	(119,294)
Fees received in advance	(2,215)	(2,081)
Board designations – amounts set aside for liquidity reserve	<u>(475,000)</u>	<u>(475,000)</u>
	<u>(698,182)</u>	<u>(596,375)</u>
Total financial assets available for general expenditure	<u>\$ (42,044)</u>	<u>\$ 149,552</u>

WOW had board-designated funds totaling \$475,000 at December 31, 2019 and 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.

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December 31, 2019 and 2018

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**3. Certificates of Deposit**

At December 31, 2019 and 2018, WOW held four Certificates of Deposit totaling \$310,827 and \$306,715, respectively, with maturities through March 2021. Certificates of deposit are recorded at cost, and not subject to fair value reporting. Investment income totaled \$4,499 and \$1,914, respectively, for the years ended December 31, 2019 and 2018, and is the result of earnings on these certificates and other interest-bearing cash deposits.

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**4. Property and Equipment**

Property and equipment consisted of the following:

<u>Year Ended December 31,</u>	<u>2019</u>	<u>2018</u>
Equipment	\$ 254,819	\$ 247,749
Leasehold improvements	99,635	99,635
Mobile Culinary Classroom and truck	101,202	98,322
Computers	<u>7,467</u>	<u>4,672</u>
Total	463,123	450,378
Less: Accumulated depreciation	<u>358,613</u>	<u>340,090</u>
Net property and equipment	<u>\$ 104,510</u>	<u>\$ 110,288</u>

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**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, 2020. For the years ended December 31, 2019 and 2018, TANF and ESF revenues totaled \$169,152 and \$169,548, respectively. Other Government contract revenues totaled \$202,432 and \$123,259, for the years ended December 31, 2019 and 2018, respectively.

Revenues from government contracts account for approximately 20% and 15% of total revenues for the years ended December 31, 2019 and 2018, respectively.

## **6. Donated Facilities**

WOW Café - WOW has 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, 2020. 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 \$3,798 and \$4,088, for the years ended December 31, 2019 and 2018, 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.

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## **7. Lease Commitments**

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). The office lease agreement was structured as a month-to-month lease and was effective through July 31, 2019. On August 1, 2019, WOW entered into a one year agreement to lease certain space through July 31, 2020, the monthly base rent is \$340 per cubicle for four cubicles. The lease includes an additional one-year renewal option.

Rent expense under these operating leases totaled \$21,920 and \$24,473, for 2019 and 2018, respectively.

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**Notes to Financial Statements**  
December 31, 2019 and 2018

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**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:

<u>Year Ended December 31,</u>	<u>2019</u>	<u>2018</u>
WomenCook!:		
Silent auction items	\$ 12,931	\$ 15,676
Food and beverage	18,000	17,000
Other	<u>1,384</u>	<u>164</u>
Total WomenCook!	<u>32,315</u>	<u>32,840</u>
Rent:		
WOW Café	36,000	36,000
Less: Rent payable	<u>(3,798)</u>	<u>(4,088)</u>
Total WOW Café	32,202	31,912
Café United	<u>16,200</u>	<u>16,200</u>
Total Rent	<u>48,402</u>	<u>48,112</u>
Professional services	<u>228</u>	<u>1,018</u>
Total Donated Materials and Services	<u>\$ 80,945</u>	<u>\$ 81,970</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.

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**  
**Notes to Financial Statements**  
December 31, 2019 and 2018

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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 31<sup>st</sup>:

	<u>2019</u>	<u>2018</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	\$ 360,000
<u>Fixed Asset Replacement Reserve</u> : funds designated for the replacement of equipment, software or leasehold improvements, as deemed necessary.	105,000	105,000
<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>\$ 475,000</u>

The deficit in undesignated net assets without donor restrictions of (\$19,807) as of December 31, 2019, is due to the extent of net assets with donor restrictions that are subject to the passage of time or are restricted for a specific purpose that will become available in the near term.

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**10. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following:

<u>As of December 31,</u>	<u>2019</u>	<u>2018</u>
<u>Subject to expenditure for specified purpose:</u>		
Mobile Culinary Classroom and staff	\$ 217,484	\$ 117,484
Other programs	3,483	1,810
<u>Subject to the passage of time:</u>		
Contributions and grant receivable	<u>108,117</u>	<u>39,515</u>
Total Net Assets With Donor Restrictions	<u>\$ 329,084</u>	<u>\$ 158,809</u>

Net assets totaling \$52,842 and \$311,827, were released from net assets with donor restrictions for the years ending December 31, 2019 and 2018, respectively, as a result of WOW incurring expenditures satisfying the related restricted purposes or other events specified by the donor.

### **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 certain measurable performance criteria. WOW satisfied these conditions and received and recognized \$65,000 of the funding during each of the years ended December 31, 2019 and 2018. The remaining \$65,000 will be recognized upon successful completion of future measurable performance requirements.

In December 2019, WOW received a \$180,000 conditional grant from The Telluray Foundation for Justice-Involved Mobile Programming operations to be administered by WOW. WOW received and recognized \$100,000 of the grant in 2019. The remaining \$80,000 will be provided and recognized as revenue by WOW upon the successful completion of certain measurable performance criteria, as determined by the Foundation.

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### **12. Subsequent Events**

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 June 10, 2020, and this is the date through which subsequent events were evaluated.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, WOW's operations have not been significantly impacted, however, WOW continues to monitor the situation. No impairments were recorded as of the statement of financial position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while WOW's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.