WOMEN'S BEAN PROJECT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2015

Crady, Puca & Associates
Certified Public Accountants & Consultants

WOMEN'S BEAN PROJECT

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Crady, Puca & Associates
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Women's Bean Project

We have audited the accompanying financial statements of Women's Bean Project (the "Project"), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Women's Bean Project as of June 30, 2015, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Project's 2014 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated March 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates
Centennial, Colorado
December 1, 2015

WOMEN'S BEAN PROJECT
Statement of Financial Position
As of June 30, 2015
(With Summarized Financial Information as of June 30, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 161,496	$ 86,141
Accounts receivable, net	33,453	45,035
Miscellaneous receivable	9,037	9,698
Grants receivable	23,000	10,000
Community Shares receivable	22,665	18,117
Contributions receivable, net	182,407	186,420
Prepaids	9,451	5,908
Inventory	211,571	212,886
Property and equipment, net	576,064	596,148
Other assets:		
Trademarks, net	14,379	16,237
Loan origination costs, net	8,055	11,087
Total assets	$ 1,251,578	$ 1,197,677
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 14,046	$ 38,575
Accrued payroll liabilities	34,890	32,952
Capital lease obligation	8,028	-
Notes payable, City of Denver	14,503	10,946
Mortgage note payable	438,516	448,898
Total liabilities	509,983	531,371
NET ASSETS		
Unrestricted	503,023	455,222
Temporarily Restricted	238,572	211,084
Total net assets	741,595	666,306
Total liabilities and net assets	$ 1,251,578	$ 1,197,677

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

WOMEN'S BEAN PROJECT
Statement of Activities
For the Year Ended June 30, 2015
(With Summarized Financial Information For the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Revenue and Support:				
Production	$ 997,977	$ -	$ 997,977	$ 1,045,448
Cost of goods sold	(660,644)	-	(660,644)	(759,292)
Net revenue from production	337,333	-	337,333	286,156
Donations	292,593	54,660	347,253	320,602
Grants	124,300	59,000	183,300	172,200
Special events, net	86,225	90,734	176,959	212,782
In-kind contributions	24,037	-	24,037	35,744
Reimbursement for labor	7,689	-	7,689	-
Other	1,300	-	1,300	600
Net assets released from restrictions -				
Satisfaction of time and program restrictions	176,906	(176,906)	-	-
Total Revenue and Support	1,050,383	27,488	1,077,871	1,028,084
Expenses:				
Program services -				
Job Readiness	620,041	-	620,041	841,752
	620,041	-	620,041	841,752
Supporting services -				
Management and general	233,339	-	233,339	111,684
Fundraising	149,202	-	149,202	102,342
Total supporting services	382,541	-	382,541	214,026
Total Expenses	1,002,582	-	1,002,582	1,055,778
Changes in net assets	47,801	27,488	75,289	(27,694)
Net assets, beginning of year	455,222	211,084	666,306	694,000
Net assets, end of year	$ 503,023	$ 238,572	$ 741,595	$ 666,306

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

WOMEN'S BEAN PROJECT
Statement of Functional Expenses
Year Ended June 30, 2015
(With Summarized Financial Information For the Year Ended June 30, 2014)

	Program Services	Supporting Services			2015	2014
	Job Readiness	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries and wages	$ 318,329	$ 110,351	$ 53,442	$ 163,793	$ 482,122	$ 542,574
Interns and volunteers	20,483	-	-	-	20,483	9,463
Payroll taxes	50,833	10,925	5,291	16,216	67,049	65,439
Employee benefits	17,890	5,611	15,995	21,606	39,496	38,588
Total salaries and related expenses	407,535	126,887	74,728	201,615	609,150	656,064
Computer expenses	32,275	18,356	27,110	45,466	77,741	70,979
Dues and subscriptions	1,355	3,529	4,214	7,743	9,098	8,282
Education and training	606	7,426	662	8,088	8,694	8,719
Equipment rental	1,510	2,558	-	2,558	4,068	4,705
Fundraising	-	-	3,019	3,019	3,019	5,755
Insurance	14,706	8,442	995	9,437	24,143	19,458
Interest	16,479	5,728	2,739	8,467	24,946	26,284
Legal and accounting	-	10,300	-	10,300	10,300	8,313
Licenses and fees	10,894	3,174	1,533	4,707	15,601	9,715
Maintenance and repair	7,726	6,443	75	6,518	14,244	14,750
Marketing and advertising	19,626	-	409	409	20,035	22,379
Meetings and gatherings	152	313	-	313	465	744
Contract and outside services	5,334	13,604	6,685	20,289	25,623	46,277
Postage	11,374	4,963	6,069	11,032	22,406	18,422
Printing	4,536	103	10,029	10,132	14,668	10,490
Product development	1,318	-	-	-	1,318	3,177
Program expenses	27,224	-	-	-	27,224	27,208
Fundraising events	-	-	56,052	56,052	56,052	61,398
Supplies	2,700	1,313	681	1,994	4,694	5,208
Telephone	2,601	906	433	1,339	3,940	7,288
Travel	2,664	220	241	461	3,125	1,164
Utilities	10,881	3,792	1,813	5,605	16,486	16,363
Website	8,137	-	2,699	2,699	10,836	5,282
Real estate planning	-	-	-	-	-	6,437
Depreciation and amortization	30,408	15,282	5,068	20,350	50,758	52,315
Total expenses	620,041	233,339	205,254	438,593	1,058,634	1,117,176
Special events costs netted against revenue	-	-	(56,052)	(56,052)	(56,052)	(61,398)
Total expenses in the statement of activities	$ 620,041	$ 233,339	$ 149,202	$ 382,541	$ 1,002,582	$ 1,055,778

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

WOMEN'S BEAN PROJECT
Statement of Cash Flows
For the Year Ended June 30, 2015
(With Summarized Financial Information For the Year Ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 75,289	$ (27,694)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	50,758	52,315
Bad debt expense	19,717	13,066
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	8,082	(10,553)
Miscellaneous receivable	661	(9,698)
Grants receivable	(13,000)	10,000
Community shares receivable	(4,548)	4,726
Contributions receivable	(12,204)	(41,206)
Prepaids	(3,543)	8,506
Inventory	1,315	75,512
Other assets	-	(25,848)
Increase (decrease) in liabilities:		
Accounts payable	(24,529)	(19,874)
Accrued payroll liabilities	1,938	(8,824)
Net cash provided by operating activities	99,936	20,428
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(16,574)	(12,244)
Net cash used in investing activities	(16,574)	(12,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage	(10,382)	(212,285)
Proceeds from mortgage and loans	6,437	450,000
Principal payments on City of Denver loans	(2,880)	(1,333)
Payments on capital lease obligation	(1,182)	-
Payments on line of credit	(161,200)	(384,385)
Proceeds from line of credit	161,200	198,964
Net cash provided by (used in) financing activities	(8,007)	50,961
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,355	59,145
Cash and cash equivalents - beginning of the year	86,141	26,996
Cash and cash equivalents - end of the year	$ 161,496	$ 86,141
Supplemental Information:		
Interest paid	$ 24,946	$ 26,284
Non-cash activities:		
Copier acquired through capital lease	$ 9,210	$ -

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

1. Summary of Significant Accounting Policies

Nature of the Project

Women's Bean Project (the "Project") was incorporated in 1990 as a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not treated as a private foundation. The corporation is organized under the laws of the State of Colorado and is located in Denver, Colorado.

The mission of the Project is to change women's lives by providing stepping stones to self-sufficiency through social enterprise. The Project strives to break the cycle of chronic unemployment and poverty by helping women discover their talents and develop skills and by offering job readiness training. With this stepping stone toward success, the women will be able to support themselves and their families, and create stronger models for future generations.

The Project operates an enterprise activity in the production and marketing of soups, mixes, gift baskets, jewelry and other items.

The Project's program, job readiness, offers transitional employment to women who come from backgrounds of chronic unemployment, poverty or displacement. In addition, the Project provides the benefit of coaching, training and support that these women require to help them develop basic proficiencies, life skills, and job readiness skills.

The majority of the Project's revenue is derived from contributions, grants and product sales.

Basis of Accounting

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

Financial Statement Presentation

The Project prepares its financial statements in accordance with the financial reporting requirements of *"Financial Statements of Not-for-Profit Organizations."* This reporting standard requires classification of net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets be displayed in the statement of activities as follows:

> Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that either expire by passage of time or the accomplishment of the intended purpose.
>
> Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are to be maintained in perpetuity.

As of June 30, 2015, the Project had no permanently restricted net assets.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Project considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of amounts due from product sales. Accounts receivable are net of an allowance for doubtful accounts determined based on historical experience and analysis of specific accounts. Uncollectible accounts are written off in the year they are deemed to be worthless. The allowance for doubtful accounts as of June 30, 2015 amounted to $10,500.

Contributions and Grants Receivable

Unconditional contributions and grants receivable are recognized as revenue in the period the pledge is received. Unconditional contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

The Project uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectability of individual receivables.

Inventory

Inventories are valued at the lower of cost or market, using the first-in, first-out method of costing.

Capitalization and Depreciation

Property and equipment are stated at cost, or fair value if contributed. The Project follows the practice of capitalizing all expenditures for property and equipment in excess of $500. Depreciation of property and equipment is charged to expense over the estimated useful lives of the respective assets on a straight-line basis as follows:

	Years
Building and improvements	5-40
Furniture and fixtures	7-10
Automobiles	5
Equipment, software and other	3-10

The Project reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Project reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

1. Summary of Significant Accounting Policies (continued)

Other Assets

The Project's trademarks of $19,202 are stated at cost at the time of their development, net of amortization using the straight-line method over ten to fifteen years. Accumulated amortization as of June 30, 2015 amounted to $4,823.

Loan origination costs of $11,473 are being amortized over the term of the respective note, two to five years. Accumulated amortization as of June 30, 2015 amounted to $3,418.

Revenue and Support

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statement of activities as net assets released from restrictions.

The Project sell its soups, mixes, gift baskets, jewelry and other products through both retail and wholesale channels. Revenue is recognized for the sale of these items upon shipment or delivery of the product to the respective customer, wholesaler, or distributor.

Contributed Goods and Services

Many individuals volunteer their time and perform a variety of tasks that assist the Project with its programs and general operations throughout the year that are not recognized as contributions in the financial statements because the nature of the services do not meet the recognition criteria.

Donated goods and services meeting the criteria for recognition in the financial statements are reflected as in-kind contributions at their estimated fair market value on the date of receipt. For the year ended June 30, 2015, donated professional services amounted to $21,982. Of this amount, $9,369 is included in program, $6,000 in management and general and the balance of $6,613 is included in fundraising expense.

Advertising

Advertising and marketing costs are expensed when incurred.

Use of Estimates

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

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, payables, accrued liabilities and short-term obligations of the Project approximate fair value because of the short maturity of these instruments. The fair value of contribution receivables is estimated by discounting future cash flows using discounts from 1% to 5% depending upon economic conditions at the time the pledges were made.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Project qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and accordingly, is exempt from federal income taxes or related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Project's tax-exempt purpose is subject to taxation as unrelated business income. The Project did not have unrelated business income subject to tax during the year ended June 30, 2015.

The Project is no longer subject to U.S. Federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to June 30, 2012. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Project believes no issues would arise.

Prior Year Amounts

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Project's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

1. Summary of Significant Accounting Policies (continued)

Concentrations of Risk

Financial instruments which potentially subject the Project to concentrations of credit risk consist of money market accounts and receivables.

The Project places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). Such account balances may, at times, exceed the federally insured limit. As of June 30, 2015, no amounts exceeded the FDIC limit.

Credit risk with respect to receivables is limited due to the number and credit worthiness of the individuals and entities from whom the amounts are due.

The Project currently operates from a single location in Denver, Colorado. Other agencies in the Denver community provide similar services in some respects to the specific program services the Project provides in terms of job readiness training. However, the Project has trademark protection associated with its products.

2. Contributions and Grants Receivable

The following is a summary of unconditional contributions receivable as of June 30, 2015:

Receivable in less than one year	$	96,372
Receivable in one to five years		112,282
Receivable in more than five years		3,600
Face value of contributions receivable		212,254
Less: discount to net present value		(12,966)
Less: allowance for doubtful accounts		(16,881)
Total contributions receivable, net	$	182,407

Amounts receivable are reflected at the present value of estimated future cash flows using discounts from 1% to 5% depending upon economic conditions at time the pledges were made.

As of June 30, 2015, all grants receivable are expected to be collected within one year and are deemed collectible and therefore no allowance has been recorded on grants receivable.

As of June 30, 2015, Community Shares receivable is to be collected within one year and is deemed collectible and therefore no allowance has been recorded on this receivable.

3. Inventories

Inventories consist of the following as of June 30, 2015:

Food and related inventory:	
Raw materials and supplies	$ 62,027
Finished goods	82,603
	144,630
Jewelry and related inventory:	
Raw materials and supplies	18,233
Finished goods	48,708
	66,941
Total Inventory	$ 211,571

4. Property and Equipment

Property and equipment consist of the following as of June 30, 2015:

Land	$ 38,850
Building and improvements	880,861
Furniture and fixtures	27,761
Automobiles	2,130
Equipment, software and other	188,518
Total property and equipment	1,138,120
Less: accumulated depreciation	(562,056)
Property and equipment, net	$ 576,064

Depreciation expense for the year ended June 30, 2015 amounted to $46,073.

5. Line of Credit

The Project entered into a new $150,000 revolving line of credit with a commercial bank in April 2014. As of June 30, 2015, no amounts were due under this line of credit. The line matures April 2016. Interest is payable monthly, at prime plus 1.5%. The line is collateralized by a 2nd Deed of Trust and assignment of rents on the Project's land and building.

6. Mortgage Note Payable

In April 2014, the Project refinanced its mortgage payable and existing line of credit with a commercial bank. The new mortgage note bears interest at 4.75% with payments of $2,584 due monthly beginning May 23, 2015 for 59 months with one balloon payment of $400,023 due April 23, 2019. The note is collateralized by a Deed of Trust and assignment of rents on the Project's land and building. The note bears a 1% prepayment penalty if paid within the first five years of the loan term.

6. Mortgage Note Payable (continued)

Future maturities of the mortgage note as of June 30, 2015 is as follows:

June 30,	
2016	$ 10,401
2017	10,906
2018	11,435
2019	405,774
Total mortgage note payable	$ 438,516

7. Notes Payable - City of Denver

The Project has a loan agreement with the City of Denver that allowed for borrowings up to $60,000 to fund a feasibility study. The Project drew $12,279 on this loan agreement. The loan bears interest at 3% with payments of $203 due beginning July 1, 2015. Final loan payment is due July 1, 2019. The loan is collateralized by a Subordinate Deed of Trust on the Project's land and building.

In September 2014, the Project entered into an additional loan agreement with the City of Denver that allowed for borrowings up to $40,310. The Project drew $6,436 on this loan agreement. The loan bears interest at 3% with payments of $101 due beginning October 2014. Final loan payment is due July 2016. The loan is collateralized by a Subordinate Deed of Trust on the Project's land and building.

Future maturities of City of Denver notes as of June 30, 2015 is as follows:

June 30,	
2016	$ 2,974
2017	3,317
2018	6,168
2019	2,044
Total notes payable – City of Denver	$ 14,503

8. Capital Lease Obligation

The Company entered into a capital lease arrangement in August 2014 for a copier. The lease requires monthly payments of $185 for 63 months with the option to purchase at the end of the lease term for $1.00. The lease is secured by the copier. As of June 30, 2015, the asset carries a capitalized cost of $9,210 less accumulated depreciation of $1,462. Annual amortization of the capital lease is included in depreciation expense.

8. Capital Lease Obligation (continued)

The future minimum lease payments due under this capital lease obligation and the net present value of those payments as of June 30, 2015 are as follows:

June 30,		
2016	$	2,220
2017		2,220
2018		2,220
2019		2,220
2020		925
		9,805
Amount representing interest		(1,777)
Present value of minimum lease payments		8,028
Less: current portion		(1,543)
Non-current capital lease obligation	$	6,485

Interest expense on the capital lease obligation amounted to $668 for the year ended June 30, 2015.

9. Net Assets

As of June 30, 2015, the board designated unrestricted net assets of $50,000 for the Seeds to Sprouts Campaign.

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2015:

Time restrictions	$	228,072
Seeds to Sprouts		4,500
Emergency Fund		6,000
	$	238,572

10. Special Events

Special events for the year ended June 30, 2015 consisted of:

Income	$	233,011
Less: Direct benefit to donors		(56,052)
Special event revenue, net	$	176,959

11. Employee Benefit Plan

During the year, the Project terminated its qualified 403(b) defined contribution plan covering virtually all of its employees. Employer contributions were discretionary. There were no employer contributions during the year ended June 30, 2015.

12. Subsequent Events

Management of the Project adopted the provisions of the accounting standard, *"Subsequent Events".* This statement requires management 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. The Project's financial statements were available to be issued on December 1, 2015 and this is the date through which subsequent events were evaluated.

Subsequent to year end, the Project increased its available balance on the line of credit to $250,000.