WOMEN'S BEAN PROJECT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2014

Crady, Puca & Associates

Certified Public Accountants & Consultants

WOMEN'S BEAN PROJECT

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Crady, Puca & Associates
Certified Public Accountants & Consultants

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, 2014 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, 2014, 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

Women's Bean Project's 2013 financial statements were audited by other auditors, and their report dated February 11, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates
Centennial, Colorado
March 30, 2015

WOMEN'S BEAN PROJECT
Statement of Financial Position
As of June 30, 2014
(With Summarized Financial Information as of June 30, 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	$ 86,141	$ 26,996
Accounts receivable, net	45,035	40,720
Miscellaneous receivable	9,698	-
Grants receivable	10,000	20,000
Community Shares receivable	18,117	22,843
Contributions receivable, net	186,420	152,042
Prepaids	5,908	14,414
Inventory	212,886	288,398
Property and equipment, net	596,148	634,109
Other assets:		
Trademarks, net	16,237	774
Loan origination costs, net	11,087	2,812
Total assets	$ 1,197,677	$ 1,203,108
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 38,575	$ 58,449
Accrued payroll and other expenses	32,952	41,776
Line of credit payable	-	185,421
Note payable, City of Denver	10,946	12,279
Mortgage and equipment loan payable	448,898	211,183
Total liabilities	531,371	509,108
NET ASSETS		
Unrestricted	455,222	521,958
Temporarily Restricted	211,084	172,042
Total net assets	666,306	694,000
Total liabilities and net assets	$ 1,197,677	$ 1,203,108

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

WOMEN'S BEAN PROJECT
Statement of Activities
For the Year Ended June 30, 2014
(With Summarized Financial Information For the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
Revenue and Support:				
Production	$ 1,045,448	$ -	$ 1,045,448	$ 1,043,861
Cost of goods sold	(759,292)	-	(759,292)	(768,829)
Net revenue from production	286,156	-	286,156	275,032
Donations	303,320	17,282	320,602	164,671
Grants	146,200	26,000	172,200	306,500
Special events, net	90,118	122,664	212,782	161,982
In-kind contributions	35,744		35,744	3,994
Reimbursement for labor	-	-	-	124,614
Other	600	-	600	-
Net assets released from restrictions -				
Satisfaction of time and program restrictions	126,904	(126,904)	-	-
Total Revenue and Support	989,042	39,042	1,028,084	1,036,793
Expenses:				
Program services -				
Job Readiness	841,752	-	841,752	957,571
	841,752	-	841,752	957,571
Supporting services -				
Management and general	111,684	-	111,684	145,810
Fundraising	102,342	-	102,342	96,730
Total supporting services	214,026	-	214,026	242,540
Total Expenses	1,055,778	-	1,055,778	1,200,111
Change in net assets	(66,736)	39,042	(27,694)	(163,318)
Net assets, beginning of year	521,958	172,042	694,000	857,318
Net assets, end of year	$ 455,222	$ 211,084	$ 666,306	$ 694,000

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

WOMEN'S BEAN PROJECT
Statement of Functional Expenses
Year Ended June 30, 2014
(With Summarized Financial Information For the Year Ended June 30, 2013)

	Program Services	Supporting Services			2014	2013
	Job Readiness	General and Administrative	Fundraising	Total	Total Expenses	Total Expenses
Salaries and wages	$ 467,161	$ 36,206	$ 39,207	$ 75,413	$ 542,574	$ 631,230
Interns and volunteers	8,542	921	-	921	9,463	11,106
Payroll taxes	58,592	3,287	3,560	6,847	65,439	73,970
Employee benefits	36,203	149	2,236	2,385	38,588	54,986
Total salaries and related expenses	570,498	40,563	45,003	85,566	656,064	771,292
Computer expenses	53,602	6,358	11,019	17,377	70,979	59,192
Dues and subscriptions	1,464	2,021	4,797	6,818	8,282	6,987
Education and training	6,580	1,600	539	2,139	8,719	9,385
Equipment rental	3,690	1,015	-	1,015	4,705	5,285
Fundraising	-	-	5,755	5,755	5,755	2,888
Insurance	17,693	1,765	-	1,765	19,458	23,557
Interest	23,513	2,771	-	2,771	26,284	22,742
Legal and accounting	-	8,313	-	8,313	8,313	6,300
Licenses and fees	7,142	2,472	101	2,573	9,715	3,290
Maintenance and repair	10,812	3,938	-	3,938	14,750	13,611
Marketing and advertising	21,228	93	1,058	1,151	22,379	40,406
Meetings and gatherings	398	346	-	346	744	882
Contract and outside services	4,341	21,521	20,415	41,936	46,277	5,987
Postage	12,503	1,156	4,763	5,919	18,422	19,211
Printing	2,004	68	8,418	8,486	10,490	8,384
Product development	3,177	-	-	-	3,177	8,265
Program expenses	27,208	-	-	-	27,208	67,843
Fundraising events	-	-	61,398	61,398	61,398	43,988
Supplies	3,547	1,294	367	1,661	5,208	7,558
Telephone	5,594	1,694	-	1,694	7,288	5,710
Travel	596	493	75	568	1,164	2,287
Utilities	14,658	1,705	-	1,705	16,363	16,934
Website	4,946	304	32	336	5,282	7,596
Real estate planning	-	6,437	-	6,437	6,437	36,489
Depreciation and amortization	46,558	5,757	-	5,757	52,315	48,030
Total expenses	841,752	111,684	163,740	275,424	1,117,176	1,244,099
Special events costs netted against revenue	-	-	(61,398)	(61,398)	(61,398)	(43,988)
Total expenses in the statement of activities	$ 841,752	$ 111,684	$ 102,342	$ 214,026	$ 1,055,778	$ 1,200,111

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, 2014
(With Summarized Financial Information For the Year Ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (27,694)	$ (163,318)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	52,315	48,030
Bad debt expense	13,066	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(10,553)	(5,470)
Miscellaneous receivable	(9,698)	-
Grants receivable	10,000	(5,750)
Community shares receivable	4,726	-
Contributions receivable	(41,206)	19,782
Prepaids	8,506	(560)
Inventory	75,512	65,349
Other assets	(25,848)	-
Increase (decrease) in liabilities:		
Accounts payable	(19,874)	(17,715)
Accrued payroll and other expenses	(8,824)	(19,256)
Net cash provided by (used in) operating activities	20,428	(78,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(12,244)	(24,509)
Net cash used in investing activities	(12,244)	(24,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage and equipment loan	(212,285)	(14,612)
Proceeds from mortgage refinance	450,000	-
Principal payments on City of Denver loan	(1,333)	12,279
Payments on line of credit	(384,385)	(64,579)
Proceeds from line of credit	198,964	200,000
Net cash provided by financing activities	50,961	133,088
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,145	29,671
Cash and cash equivalents - beginning of the year	26,996	(2,675)
Cash and cash equivalents - end of the year	$ 86,141	$ 26,996
Supplemental Information:		
Interest paid	$ 26,284	$ 22,742

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, 2014, 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, 2014 amounted to $7,000.

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. <u>Summary of Significant Accounting Policies</u> (continued)

Other Assets

The Project's trademarks of $23,044 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, 2014 amounted to $6,807.

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, 2014 amounted to $386.

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, 2014, donated professional services amounted to $35,096. Of this amount, $13,500 was capitalized as Trademark and the balance of $21,596 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 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, 2014.

The Project follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Project to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Project believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements.

The Project is no longer subject to U.S. Federal audits on its Form 990 by taxing authorities for fiscal years ending prior to June 30, 2011. 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, 2013, from which the summarized information was derived.

1. Summary of Significant Accounting Policies (continued)

Reclassifications

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

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, 2014, 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, 2014:

Receivable in less than one year	$	84,337
Receivable in one to five years		128,105
Receivable in more than five years		2,200
Face value of contributions receivable		214,642
Less: discount to net present value		(8,510)
Less: allowance for doubtful accounts		(19,712)
Total contributions receivable, net	$	186,420

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, 2014, 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. 100% of grants receivable are due from one foundation.

As of June 30, 2014, Community Shares receivable is to be collected within one year and is deemed collectible and therefore no allowance has been recorded on this receivable. 100% of the Community Shares receivable is due from one organization.

3. Inventories

Inventories consist of the following as of June 30, 2014:

Food and related inventory:	
Raw materials and supplies	$ 56,057
Finished goods	61,265
	117,322
Jewelry and related inventory:	
Raw materials and supplies	19,903
Finished goods	75,661
	95,564
Total Inventory	$ 212,886

4. Property and Equipment

Property and equipment consist of the following as of June 30, 2014:

Land	$ 38,850
Building and improvements	881,915
Furniture and fixtures	45,426
Automobiles	2,130
Equipment, software and other	204,018
Total property and equipment	1,172,339
Less: accumulated depreciation	(576,191)
Property and equipment, net	$ 596,148

5. Mortgage and Equipment Note Payable

During the current year, 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, 2014 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.

The Project also has an equipment loan payable to a commercial bank in monthly payments of $257 secured by equipment. The interest rate is 6% and the note is due January 2015.

Future maturities of the mortgage and equipment notes as of June 30, 2014 is as follows:

June 30,	
2015	$ 10,393
2016	10,401
2017	10,906
2018	11,435
2019	405,763
Total mortgage and equipment note payable	$ 448,898

6. 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, 2014, 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.

7. Note 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, 2014. Final loan payment is due July 1, 2019. The line is collateralized by a Subordinate Deed of Trust on the Project's land and building.

Future maturities of City of Denver note as of June 30, 2014 is as follows:

June 30,	
2015	$ 2,107
2016	2,197
2017	2,265
2018	2,335
2019	2,042
Total note payable – City of Denver	$ 10,946

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2014:

Time restrictions	$ 196,420
Consulting services	4,000
Website	10,664
	$ 211,084

9. Special Events

Special events for the year ended June 30, 2014 consisted of:

Income	$ 274,180
Less: Direct benefit to donors	61,398
Special event revenue, net	$ 212,782

10. Employee Benefit Plan

The Project has a qualified 403(b) defined contribution plan covering virtually all of its employees. Employees may make salary reduction contributions to the plan. Employer contributions are discretionary. There were no employer contributions during the year ended June 30, 2014.

11. Management's Plans

After incurring losses in 2012 and 2013, the Project drafted and the Finance Committee approved a new business plan. The plan included the refinancing of the Project's note payable which was completed in 2014. In addition, the plan required break-even results in 2014. The Project did incur an additional loss in 2014, however, the loss of $27,694 was an improvement over the $163,318 loss in 2013. Management and the board are still aggressively pursuing new funding sources to establish adequate cash reserves. Management projects that all cash needs will be met throughout the next fiscal year.

12. Date of Management's Review

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 March 30, 2015 and this is the date through which subsequent events were evaluated.

Subsequent to year end, the Project entered into a loan agreement with the City and County of Denver in the amount of $40,310. The loan bears interest of 3% with monthly payments of $111 with the entire balance due July 1, 2016. The Project has drawn $6,436 on this note.

In addition, the Project terminated the 403(b) plan effective December 31, 2014.