

FRIENDS MEETING OF WASHINGTON
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT
JUNE 30, 2015 AND 2014

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Independent Accountant's Review Report

To the Board of Trustees
Friends Meeting of Washington
Washington, DC

We have reviewed the accompanying statement of financial position of Friends Meeting of Washington ("FMW") (a non-profit organization) as of June 30, 2015, and 2014 and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the years ended June 30, 2015, and 2014, included in the accompanying Schedules of Shoebox Fund Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have not compiled, reviewed, or audited the supplementary information, and do not express an opinion or provide any form of assurance on it.

Jane Maresca & McQuade PA

Washington, D.C.
November 3, 2015

**FRIENDS MEETING OF WASHINGTON
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|--|-------------|-------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 340,653 | \$ 300,410 |
| Accounts receivable | 8,279 | 745 |
| Prepaid expenses | 13,319 | 20,877 |
| Total Current Assets | 362,251 | 322,032 |
| PROPERTY AND EQUIPMENT, NET | 836,544 | 677,658 |
| OTHER ASSETS | | |
| Antique collection | 12,000 | 12,000 |
| Investments | 2,019,374 | 1,989,472 |
| Total Other Assets | 2,031,374 | 2,001,472 |
| TOTAL ASSETS | \$3,230,169 | \$3,001,162 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 21,409 | \$ 45,454 |
| Security deposits | 11,038 | 10,233 |
| Deferred revenue | 5,483 | 7,674 |
| Total Current Liabilities | 37,930 | 63,361 |
| NET ASSETS | | |
| Unrestricted | | |
| Meeting designated | 669,915 | 563,793 |
| Net investment in property and equipment | 836,544 | 677,658 |
| Undesignated | 288,144 | 252,272 |
| Total unrestricted | 1,794,603 | 1,493,723 |
| Temporarily restricted | 1,095,714 | 1,142,156 |
| Permanently restricted | 301,922 | 301,922 |
| Total Net Assets | 3,192,239 | 2,937,801 |
| TOTAL LIABILITIES AND NET ASSETS | \$3,230,169 | \$3,001,162 |

See accompanying notes to the financial statements and independent accountant's review report.

**FRIENDS MEETING OF WASHINGTON
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014**

| | 2015 | | | 2014 | | |
|---------------------------------------|---------------------|---------------------------|---------------------------|---------------------|---------------------------|---------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Unrestricted | Temporarily Restricted | Permanently Restricted |
| | | Total | Total | | Total | |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 403,653 | \$ 71,497 | \$ - | \$ 291,842 | \$ 50,609 | \$ - |
| Bequests and memorials | 2,400 | - | - | 24,116 | - | - |
| Use of facilities | 202,998 | - | - | 183,949 | - | - |
| Literature and project sales | 1,307 | - | - | 1,875 | - | - |
| Interest and dividend income | 27,219 | 53,212 | - | 24,944 | 51,558 | - |
| Net realized and unrealized gains | (1,413) | (3,033) | - | 70,088 | 146,953 | - |
| Other Income | 804 | - | - | 682 | - | - |
| Net assets released from restrictions | 168,118 | (168,118) | - | 90,059 | (90,059) | - |
| Total Revenue and Support | <u>805,086</u> | <u>(46,442)</u> | <u>-</u> | <u>687,555</u> | <u>159,061</u> | <u>-</u> |
| | | | | | | <u>846,616</u> |
| EXPENSES | | | | | | |
| Programs costs | 63,127 | - | - | 59,560 | - | - |
| Personnel and consultants | 182,605 | - | - | 182,025 | - | - |
| Site costs | 134,478 | - | - | 97,420 | - | - |
| Office expenses | 12,242 | - | - | 9,632 | - | - |
| Apportionment | 57,770 | - | - | 57,715 | - | - |
| Depreciation | 42,240 | - | - | 34,854 | - | - |
| Property tax | 3,218 | - | - | 23,405 | - | - |
| Other | 8,526 | - | - | 5,670 | - | - |
| Total Expenses | <u>504,206</u> | <u>-</u> | <u>-</u> | <u>470,281</u> | <u>-</u> | <u>470,281</u> |
| CHANGE IN NET ASSETS | | | | | | |
| | 300,880 | (46,442) | - | 217,274 | 159,061 | - |
| NET ASSETS, beginning of year | <u>1,493,723</u> | <u>1,142,156</u> | <u>\$ 301,922</u> | <u>1,276,449</u> | <u>983,095</u> | <u>301,922</u> |
| NET ASSETS, end of year | <u>\$ 1,794,603</u> | <u>\$ 1,095,714</u> | <u>\$ 301,922</u> | <u>\$ 1,493,723</u> | <u>\$ 1,142,156</u> | <u>\$ 301,922</u> |

See accompanying notes to the financial statements and independent accountant's review report.

**FRIENDS MEETING OF WASHINGTON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|---|-----------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$254,437 | \$376,335 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 42,241 | 34,854 |
| Net realized and unrealized (gains) losses | 4,446 | (217,131) |
| Decrease (increase) in assets: | | |
| Accounts receivable | (7,534) | (545) |
| Prepaid expenses | 7,558 | (9,257) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (24,045) | 21,250 |
| Security deposits | 805 | (652) |
| Deferred revenue | (2,191) | 1,662 |
| Net Cash Provided by Operating Activities | 275,717 | 206,516 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of investments | 46,083 | - |
| Purchase of investments | (80,431) | (8,000) |
| Purchase of property and equipment | (201,126) | (111,791) |
| Net Cash Used by Investing Activities | (235,474) | (119,791) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 40,243 | 86,725 |
| CASH AND CASH EQUIVALENTS, beginning of year | 300,410 | 213,685 |
| CASH AND CASH EQUIVALENTS, end of year | \$340,653 | \$300,410 |

See accompanying notes to the financial statements and independent accountant's review report.

**FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE A – THE ORGANIZATION

Friends Meeting of Washington (“FMW”) is a non-profit corporation organized in Washington, D.C. on June 20, 1930. The purpose of FMW is to foster simple spiritual worship and such activities in various fields of service as FMW members and attenders may feel themselves called to undertake. As a help to these ends we maintain a place of worship where FMW members and others who are like-minded may meet in religious fellowship and seek through a waiting worship the renewal of their spiritual lives and the quickening of their powers of service to the Divine and to their fellow human beings.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

FMW reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of FMW and changes therein are classified and reported as follows:

Unrestricted Net Assets are resources representing the portion of expendable funds available for support of FMW’s programs and general operations. These resources are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are assets subject to donor-imposed stipulations to be maintained permanently by FMW.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as money market funds, with an original maturity of three months or less when purchased.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of June 30, 2015 and 2014, management has determined that all significant receivables are collectible within one year or less. Therefore, an allowance for doubtful accounts has not been established.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation. Maintenance and repairs, which do not improve or extend the useful life of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets, which ranges from 3 to 30 years.

Investments

Investments in marketable securities are reported at fair market value. The valuation of investments in mutual funds is based on quoted market prices, if available. Interest and dividends are recognized when earned and reported in the change in net assets from operations. Unrealized appreciation and depreciation in the fair value of investments are recognized in the period in which such changes occur, is considered non-operating, and is presented separately in the statement of activities.

Antique Collection

An antique collection in the amount of \$12,000 was recorded June 30, 1981 at the approximate fair value. The collection is not subject to depreciation.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When the purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Use of Estimates

Management of FMW uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation. Such reclassifications had no effect on previously reported total net assets or total change in net assets.

NOTE C – INCOME TAXES

Friends Meeting of Washington qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, FMW is classified as an entity that is not a private foundation under Section 509(a)(1).

FMW has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic (Topic 740) of the FASB Accounting Standards Codification. Topic 740 requires FMW to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in FMW recording a tax liability that would reduce its net assets.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE C – INCOME TAXES – (continued)

FMW has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2011-2013), or expected to be taken in its 2014 tax return. FMW is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE D – CONCENTRATIONS

FMW places its cash and temporary cash investments with high credit quality institutions. FMW, at times, could have deposits in excess of federally insured limits. Management does not believe that is exposed to any risk that might materially affect the financial position of FMW.

NOTE E – INVESTMENTS

The Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, and Fair Value Measurements and Disclosures, provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priorities to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE E – INVESTMENTS – (continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies use during June 30, 2015 or 2014.

FMW invests its funds in a co-mingled trust fund with allocations to equities, fixed income, and real estate investment trusts. The co-mingled trust fund has a standard income distribution policy based on the fund’s total return. Fair value of the funds are based on the fair values of the underlying assets and are provided by FMW’s investment fund managers.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although FMW’s management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents FMW’s fair value hierarchy for the underlying assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|------------------|---------------------|----------------|---------------------|
| Domestic bonds | \$ - | \$ 302,906 | \$ - | \$ 302,906 |
| Global bonds | - | 127,221 | - | 127,221 |
| Short term investment funds | - | 40,387 | - | 40,387 |
| Large cap equity funds | - | 597,735 | - | 597,735 |
| Mid cap equity funds | - | 181,744 | - | 181,744 |
| Small cap equity funds | - | 169,627 | - | 169,627 |
| International equity funds | - | 494,747 | - | 494,747 |
| Real estate investment | - | 84,814 | - | 84,814 |
| Cash held for investment | 20,194 | - | - | 20,194 |
| Total Investments | <u>\$ 20,194</u> | <u>\$ 1,999,180</u> | <u>\$ -</u> | <u>\$ 2,019,374</u> |

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE E – INVESTMENTS – (continued)

The following table presents FMW’s fair value hierarchy for the underlying assets and liabilities measured at fair value on a recurring basis as of June 30, 2014:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|-----------------|---------------------|----------------|---------------------|
| Domestic bonds | \$ - | \$ 348,158 | \$ - | \$ 348,158 |
| Global bonds | - | 143,242 | - | 143,242 |
| Short term investment funds | - | 23,874 | - | 23,874 |
| Large cap equity funds | - | 847,515 | - | 847,515 |
| Small cap equity funds | - | 133,295 | - | 133,295 |
| International equity funds | - | 389,937 | - | 389,937 |
| Real estate investment | - | 99,472 | - | 99,472 |
| Cash held for investment | 3,979 | - | - | 3,979 |
| Total Investments | <u>\$ 3,979</u> | <u>\$ 1,985,493</u> | <u>\$ -</u> | <u>\$ 1,989,472</u> |

FMW invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect, in the future, amounts reported in the statement of financial position.

NOTE F- PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|-------------------|-------------------|
| Land | \$ 231,888 | \$ 231,888 |
| Buildings and improvements | 1,396,586 | 1,195,459 |
| Furniture and equipment | 19,357 | 19,357 |
| Total property and Equipment | <u>1,647,831</u> | <u>1,446,704</u> |
| Less: Accumulated depreciation | <u>(811,287)</u> | <u>(769,046)</u> |
| Net Property and Equipment | <u>\$ 836,544</u> | <u>\$ 677,658</u> |

Depreciation expense for the year ended June 30, 2015 and 2014, totaled \$42,240 and \$34,854, respectively.

**FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)**

NOTE G – MEETING DESIGNATED UNRESTRICTED NET ASSETS

FMW designated a portion of unrestricted net assets for various purposes, which are summarized as follows:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------------|-------------------|
| Capital Reserve Fund | \$ 122,278 | \$ 208,776 |
| Murray Bequest Fund | 90,556 | 106,459 |
| Capital Improvement Authorization | 8,357 | - |
| Building Campaign Fund | <u>448,724</u> | <u>248,558</u> |
| Total Designated Net Assets | <u>\$ 669,915</u> | <u>\$ 563,793</u> |

NOTE H- TEMPORARILY RESTRICTED NET ASSETS

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

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Fair trade coffee | \$ 57 | \$ (108) |
| Personal aid | 13,612 | 12,582 |
| Fund for sufferings | 3,545 | 3,545 |
| Senior center | 6,432 | 6,432 |
| Shoe box | 34,337 | 25,923 |
| Simpson fund | 79,284 | 49,343 |
| Hlekweni | - | 3,027 |
| Endowment - investment income | 956,098 | 1,039,131 |
| Other | <u>2,349</u> | <u>2,281</u> |
| Total Temporarily Restricted Net Assets | <u>\$ 1,095,714</u> | <u>\$ 1,142,156</u> |

NOTE I- RETIREMENT PLAN

FMW maintains a 401(k) plan (the “Plan”) under the Internal Revenue Code to provide retirement benefits for its employees. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan provides for discretionary contributions as determined by the Board of Directors. Retirement plan expenses for the years ended June 30, 2015 and 2014, totaled \$5,024 and \$3,624, respectively.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE J- ENDOWMENT

As regulated by FASB ASC 958-205, net assets associated with donor restricted endowment funds held by organizations that are subject to the enacted District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of FMW has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FMW classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as a temporarily restricted net assets until those amounts are appropriated for prudence described by UPMIFA. In accordance with UPMIFA, FMW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of FMW’s and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of the investments
- 6) Other resources of FMW
- 7) The investment policies of FMW

Return Objectives And Risk Parameters

FMW has adopted investment and spending and policies for endowment assets that that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment funds include those assets of the donor-restricted funds that FMW holds in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that yield revenue while assuming a moderate level of investment risk. Actual returns in any given year may vary.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE J- ENDOWMENT- (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires FMW to retain as a fund of perpetual duration. Deficiencies of this nature have not occurred since the inception of the endowment.

Spending Policy

In accordance with the donor's stipulations, earnings are the original principal are restricted to up-keep and maintenance expenses of FMW's property. Any difference between actual investment income and the amounts distributed is retained to support the restricted purpose in future years.

Changes in endowment net assets for the year ended June 30, 2015:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Donor restricted endowment, beginning of year | \$ - | \$ 1,039,131 | \$ 301,922 | \$ 1,341,053 |
| Interest and dividends | - | 53,212 | - | 53,212 |
| Change in fair value | - | (3,033) | - | (3,033) |
| Appropriations | - | (133,212) | - | (133,212) |
| Donor restricted endowment, end of year | <u>\$ -</u> | <u>\$ 956,098</u> | <u>\$ 301,922</u> | <u>\$ 1,258,020</u> |

Changes in endowment net assets for the year ended June 30, 2014:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Donor restricted endowment, beginning of year | \$ - | \$ 892,178 | \$ 301,922 | \$ 1,194,100 |
| Interest and dividends | - | 51,558 | - | 51,558 |
| Change in fair value | - | 146,953 | - | 146,953 |
| Appropriations | - | (51,558) | - | (51,558) |
| Donor restricted endowment, end of year | <u>\$ -</u> | <u>\$ 1,039,131</u> | <u>\$ 301,922</u> | <u>\$ 1,341,053</u> |

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(continued)

NOTE K- FUNCTIONAL ALLOCATION OF EXPENSES

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

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-------------------|-------------------|
| Program expenses | \$ 403,755 | \$ 376,589 |
| General and administrative expenses | 72,627 | 67,740 |
| Fundraising expenses | <u>27,824</u> | <u>25,952</u> |
| Total expenses | <u>\$ 504,206</u> | <u>\$ 470,281</u> |

NOTE L- SUBSEQUENT EVENTS

In preparing these financial statements, FMW has evaluated events and transactions for potential recognition or disclosure through November 3, 2015, the date the financial statements were available to be issued. There were no additional events or transactions discovered during the evaluation that required further recognition or disclosure.

SUPPLEMENTARY INFORMATION

**FRIENDS MEETING OF WASHINGTON
SCHEDULES OF SHOEBOX FUND ACTIVITY
YEAR ENDED JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|--------------------------------------|-----------|-----------|
| REVENUE AND SUPPORT | | |
| Restricted contributions | \$ 30,534 | \$ 27,214 |
| RELEASES | | |
| Releases for program expenditures | (22,121) | (21,749) |
| CHANGE IN NET ASSETS | 8,413 | 5,492 |
| NET ASSETS, BEGINNING OF YEAR | 25,924 | 20,432 |
| NET ASSETS, END OF YEAR | \$ 34,337 | \$ 25,924 |

See accompanying notes to the financial statements and independent accountant's review report.