

WORLD PULSE VOICES

FINANCIAL STATEMENTS

Year Ended December 31, 2019



WORLD PULSE

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KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

WORLD PULSE VOICES
FINANCIAL STATEMENTS
Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
World Pulse Voices
Portland, Oregon

We have audited the accompanying financial statements of World Pulse Voices (a non-profit 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 World Pulse Voices 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 of America.

To the Board of Directors
World Pulse Voices

Other Matters

Report on Summarized Comparative Information

We have previously audited World Pulse Voices' 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 14, 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.

Emphasis of Matter

As discussed in Note B, the Organization adopted the provisions of *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08")*, for the year ended December 31, 2019. Our conclusion is not modified with respect to this matter.



Portland, Oregon
October 22, 2020

WORLD PULSE VOICES
STATEMENT OF FINANCIAL POSITION

December 31, 2019
(With Comparative Totals as of December 31, 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 249,176	\$ 152,481
Contributions, grants and pledges receivable	850,653	836,249
Prepaid expenses and deposits	7,906	16,814
Property and equipment, net	186,676	191,838
Total assets	\$ 1,294,411	\$ 1,197,382

LIABILITIES AND NET ASSETS

Accounts payable and other liabilities	\$ 9,362	\$ 14,918
Accrued payroll and vacation	19,264	12,645
Note payable	-	73,726
Total liabilities	28,626	101,289
Net assets		
Without donor restrictions	366,538	225,521
With donor restrictions	899,247	870,572
Total net assets	1,265,785	1,096,093
Total liabilities and net assets	\$ 1,294,411	\$ 1,197,382

See notes to financial statements.

WORLD PULSE VOICES
STATEMENT OF ACTIVITIES

Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Operating support and revenues				
Contributions and grants revenues	\$ 667,487	\$ 758,269	\$ 1,425,756	\$ 1,001,204
In-kind contributions	<u>34,752</u>	<u>-</u>	<u>34,752</u>	<u>35,579</u>
	702,239	758,269	1,460,508	1,036,783
Net assets released from restrictions	<u>729,594</u>	<u>(729,594)</u>	<u>-</u>	<u>-</u>
Total operating support and revenues	<u>1,431,833</u>	<u>28,675</u>	<u>1,460,508</u>	<u>1,036,783</u>
Expenses				
Program services	826,423	-	826,423	912,155
Management and general	149,865	-	149,865	219,974
Fundraising	<u>267,477</u>	<u>-</u>	<u>267,477</u>	<u>267,481</u>
Total expenses	<u>1,243,765</u>	<u>-</u>	<u>1,243,765</u>	<u>1,399,610</u>
Change in net assets before investment return	<u>188,068</u>	<u>28,675</u>	<u>216,743</u>	<u>(362,827)</u>
Loss on sale of investment	<u>(47,051)</u>	<u>-</u>	<u>(47,051)</u>	<u>-</u>
Total change in net assets	<u>141,017</u>	<u>28,675</u>	<u>169,692</u>	<u>(362,827)</u>
Net assets, beginning of year	<u>225,521</u>	<u>870,572</u>	<u>1,096,093</u>	<u>1,458,920</u>
Net assets, end of year	<u>\$ 366,538</u>	<u>\$ 899,247</u>	<u>\$ 1,265,785</u>	<u>\$ 1,096,093</u>

See notes to financial statements.

WORLD PULSE VOICES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	PROGRAM SERVICES					Manage-	Total	Total
	Community	Technology	Communi-	Total	Fundraising	ment	2019	2018
	Engagement		ication			and General		
Employee cost	\$ 177,518	\$ 118,955	\$ 85,395	\$ 381,868	\$ 175,684	\$ 69,722	\$ 627,274	\$ 580,862
Payroll taxes	16,669	10,512	7,976	35,157	15,995	11,924	63,076	60,154
Benefits	14,030	615	4,886	19,531	16,338	1,029	36,898	38,518
Workers compensation	373	287	183	843	324	235	1,402	1,756
Consultants	107,227	45,833	4,266	157,326	3,060	785	161,171	209,404
Occupancy	8,784	6,763	4,296	19,843	7,638	5,538	33,019	60,999
Travel, conference and meetings	3,414	318	31,297	35,029	13,154	7,322	55,505	33,921
Office expenses	6,345	6,052	9,640	22,037	9,378	3,889	35,304	59,165
Professional services	12,933	9,958	6,326	29,217	11,246	8,154	48,617	54,554
Program expenses	16,625	16,816	4,228	37,669	12,111	1,877	51,657	36,999
Insurance	1,588	1,223	777	3,588	1,381	1,001	5,970	11,510
Interest	1,344	1,034	657	3,035	1,168	847	5,050	16,947
Depreciation	-	81,280	-	81,280	-	1,659	82,939	192,797
Other	-	-	-	-	-	1,131	1,131	6,445
In-kind expenses	-	-	-	-	-	34,752	34,752	35,579
Total expenses	\$ 366,850	\$ 299,646	\$ 159,927	\$ 826,423	\$ 267,477	\$ 149,865	\$ 1,243,765	\$ 1,399,610

See notes to financial statements.

WORLD PULSE VOICES
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 169,692	\$ (362,827)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,939	192,797
(Increase) decrease in:		
Contributions, grants and pledges receivable	(14,404)	539,631
Prepaid expenses and deposits	8,908	11,487
Increase (decrease) in:		
Accounts payable	(5,556)	(40,248)
Accrued payroll and vacation	6,619	(27,117)
Note payable	(73,726)	(157,942)
Net cash flows provided by operating activities	174,472	155,781
Cash flows from investing activities:		
Purchase of property and equipment	(77,777)	(49,621)
Net increase in cash and cash equivalents	96,695	106,160
Cash and cash equivalents, beginning of year	152,481	46,321
Cash and cash equivalents, end of year	\$ 249,176	\$ 152,481

See notes to financial statements.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

World Pulse Voices is a not-for-profit Organization incorporated under the laws of the State of Oregon. World Pulse is social media for social revolution. We provide safe, supportive online space where women from over 190 countries connect and exchange stories and resources. Through these connections, women rise up and create the change they seek at a faster pace.

Our mission is to create a world where all women thrive.
One click, one comment, one connection at a time.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended December 31, 2019, a new accounting pronouncement became effective for the Organization: *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”)*.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis in 2019. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of December 31, 2018.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all liquid investments having initial maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Furniture and equipment is recorded at cost when purchased or fair market value when donated. Depreciation is computed using the straight-line method over an estimated useful life of four years for website development costs, and three to seven years for all other assets. Expenditures exceeding \$1,000 for additions, major renewals and betterments are capitalized. Maintenance and repairs are expensed when incurred.

Concentration of Credit Risk

The Organization places its cash and cash equivalents with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. There were no cash and cash equivalent balances in excess of FDIC coverage limits as of December 31, 2019.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. 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 Organization's 2018 financial statements, from which the summarized information was derived.

NOTE C – CONTRIBUTIONS AND PLEDGES

Contributions, grants and pledges receivable, which are unconditional promises to give, consist of the following at December 31, 2019:

Contributions and pledges receivable expected to be collected in:	
Less than one year	\$ 566,403
One to five years	<u>284,250</u>
	<u>\$ 850,653</u>

Contributions, grants and pledges receivable are recorded at the present value of the estimated cash flows, which approximates net realizable value. Management has determined that all receivables are fully collectible; therefore, an allowance for uncollectible accounts was not necessary at December 31, 2019.

NOTE D – PROPERTY AND EQUIPMENT

At December 31, 2019, property and equipment consist of the following:

Website development costs	\$ 886,373
Computer equipment and software	<u>12,642</u>
	899,015
Less accumulated depreciation and amortization	<u>(712,339)</u>
	<u>\$ 186,676</u>

WORLD PULSE VOICES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE E – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions as of December 31, 2019:

Subject to time and purpose restrictions	\$ 80,734
Subject to time restrictions	<u>818,513</u>
	<u>\$ 899,247</u>

NOTE F – OPERATING LEASE COMMITMENTS

During the year ended December 31, 2018, the Organization entered into a sublease agreement for its former office space. The Organization will receive \$5,000 per month until the end of the term of the original master lease, June 2023. The master lessor has agreed to accept such payments as full satisfaction for the master lease, however if the sublessee does not perform, the Organization is contingently liable for the remaining sublease monthly payments due of approximately \$12,000 through June 2023.

NOTE G – NOTE PAYABLE

The Organization had a note payable to a bank with an original maturity date of April 20, 2020. The Organization paid the balance of the note during the year ended December 31, 2019, and the bank released its security interest in the collateral.

NOTE H – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2019:

Financial assets at year-end	
Cash and cash equivalents	\$ 249,176
Contributions, grants and pledges receivable	<u>850,653</u>
Total financial assets	<u>1,099,829</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Pledges receivable due beyond one year	(284,250)
Restricted by donor with purpose restriction	<u>(29,191)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 786,388</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE I – RELATED PARTY ACTIVITY

During the year ended December 31, 2019, the Organization received contributions of \$784,593 from board members, of which \$124,522 is in receivables as of December 31, 2019.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 22, 2020, which is the date the financial statements were available to be issued.

In August 2020 the Organization received notice that the sublessee had defaulted on the lease (See Note F). Under the terms of the sublease, the Organization is contingently liable for all remaining monthly payments in the event of default by the sublessee. Management is currently working with the lessor and the sublessee to negotiate a termination of the lease. While the cost to terminate the lease is currently unknown, Management estimates the cost will most likely range between \$0 and \$25,000.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

Additionally, the Organization has received a Paycheck Protection Program loan of \$133,000 that will be forgivable if certain conditions are met.