

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

***CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

SEPTEMBER 30, 2016 AND 2015

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
International Center for Research on Women
Washington, D.C.**

We have audited the accompanying consolidated financial statements of International Center for Research on Women ("ICRW") (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ICRW's preparation and fair presentation of the consolidated 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 ICRW'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICRW as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP
TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
February 8, 2017

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2016 And 2015

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,683,404 | \$ 615,567 |
| Investments <i>(Note 2)</i> | 5,254,470 | 4,967,194 |
| Investments – deferred compensation | 50,000 | 25,000 |
| Accounts receivable | 164,764 | 35,683 |
| Federal and non-federal contracts receivable | 1,251,547 | 1,110,446 |
| Contributions receivable, current portion <i>(Note 3)</i> | 365,794 | 446,819 |
| Advances | 24,274 | 10,995 |
| Prepaid expenses | <u>86,459</u> | <u>68,999</u> |
| Total current assets | <u>8,880,712</u> | <u>7,280,703</u> |
| FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET <i>(Note 4)</i> | | |
| | <u>124,493</u> | <u>247,231</u> |
| OTHER ASSETS | | |
| Security deposits | <u>111,658</u> | <u>112,179</u> |
| TOTAL ASSETS | <u>\$ 9,116,863</u> | <u>\$ 7,640,113</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 298,485 | \$ 257,356 |
| Accrued payroll and leave payable | 550,745 | 493,766 |
| Deferred rent <i>(Note 9)</i> | - | 92,396 |
| Deferred revenue | <u>683,236</u> | <u>1,141,896</u> |
| Total current liabilities | <u>1,532,466</u> | <u>1,985,414</u> |
| LONG-TERM LIABILITIES | | |
| Sublease deposit | 850 | 14,694 |
| Deferred rent <i>(Note 9)</i> | <u>414,131</u> | <u>117,359</u> |
| Total long-term liabilities | <u>414,981</u> | <u>132,053</u> |
| Total liabilities | <u>1,947,447</u> | <u>2,117,467</u> |
| NET ASSETS <i>(Note 7)</i> | | |
| Unrestricted | 78,945 | (278,706) |
| Board designated | <u>3,682,268</u> | <u>3,881,879</u> |
| Total unrestricted | 3,761,213 | 3,603,173 |
| Temporarily restricted | <u>3,408,203</u> | <u>1,919,473</u> |
| Total net assets | <u>7,169,416</u> | <u>5,522,646</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 9,116,863</u> | <u>\$ 7,640,113</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended September 30, 2016

| | UNRESTRICTED | | | Temporarily Restricted | Total |
|---|-------------------|---------------------|---------------------|---------------------------|---------------------|
| | Operations | Board Designated | Total | | |
| SUPPORT AND REVENUE | | | | | |
| Grants, contracts and contributions: | | | | | |
| U.S. Government | \$ 2,395,969 | \$ - | \$ 2,395,969 | \$ - | \$ 2,395,969 |
| Foundation and other | 4,717,503 | - | 4,717,503 | 5,686,370 | 10,403,873 |
| Investment income | 98,842 | 220,488 | 319,330 | - | 319,330 |
| Contributed goods and services | 118,994 | - | 118,994 | - | 118,994 |
| Other revenue | 227,741 | - | 227,741 | - | 227,741 |
| Net assets released from donor restrictions | <u>4,197,640</u> | <u>-</u> | <u>4,197,640</u> | <u>(4,197,640)</u> | <u>-</u> |
| Total support and revenue | <u>11,756,689</u> | <u>220,488</u> | <u>11,977,177</u> | <u>1,488,730</u> | <u>13,465,907</u> |
| EXPENSES | | | | | |
| Program Services | | | | | |
| Research and Programs | 3,847,692 | - | 3,847,692 | - | 3,847,692 |
| External Relations Group | 56,975 | - | 56,975 | - | 56,975 |
| Asia Regional Office | 2,371,199 | - | 2,371,199 | - | 2,371,199 |
| Research and Innovation | 1,912,163 | - | 1,912,163 | - | 1,912,163 |
| General Activities | <u>303,652</u> | <u>288,768</u> | <u>592,420</u> | <u>-</u> | <u>592,420</u> |
| Total program services | <u>8,491,681</u> | <u>288,768</u> | <u>8,780,449</u> | <u>-</u> | <u>8,780,449</u> |
| Supporting Services | | | | | |
| General and Administrative | 2,689,308 | 124,750 | 2,814,058 | - | 2,814,058 |
| Fundraising | <u>359,100</u> | <u>-</u> | <u>359,100</u> | <u>-</u> | <u>359,100</u> |
| Total supporting services | <u>3,048,408</u> | <u>124,750</u> | <u>3,173,158</u> | <u>-</u> | <u>3,173,158</u> |
| Total expenses | <u>11,540,089</u> | <u>413,518</u> | <u>11,953,607</u> | <u>-</u> | <u>11,953,607</u> |
| Changes in net assets before other items | 216,600 | (193,030) | 23,570 | 1,488,730 | 1,512,300 |
| OTHER ITEMS | | | | | |
| Unrealized appreciation of investments | 2,359 | 132,111 | 134,470 | - | 134,470 |
| Transfers | <u>138,692</u> | <u>(138,692)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>141,051</u> | <u>(6,581)</u> | <u>134,470</u> | <u>-</u> | <u>134,470</u> |
| Changes in net assets | 357,651 | (199,611) | 158,040 | 1,488,730 | 1,646,770 |
| NET ASSETS | | | | | |
| Beginning of year | <u>(278,706)</u> | <u>3,881,879</u> | <u>3,603,173</u> | <u>1,919,473</u> | <u>5,522,646</u> |
| End of year | <u>\$ 78,945</u> | <u>\$ 3,682,268</u> | <u>\$ 3,761,213</u> | <u>\$ 3,408,203</u> | <u>\$ 7,169,416</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended September 30, 2015

| | UNRESTRICTED | | | Temporarily Restricted | Total |
|--|---------------------|---------------------|---------------------|---------------------------|---------------------|
| | Operations | Board Designated | Total | | |
| SUPPORT AND REVENUE | | | | | |
| Grants, contracts and contributions: | | | | | |
| U.S. Government | \$ 2,645,870 | \$ - | \$ 2,645,870 | \$ - | \$ 2,645,870 |
| Foundation and other | 4,536,424 | - | 4,536,424 | 966,736 | 5,503,160 |
| Investment income | 89,895 | 185,614 | 275,509 | - | 275,509 |
| Contributed goods and services | 112,172 | - | 112,172 | - | 112,172 |
| Other revenue | 13,595 | - | 13,595 | - | 13,595 |
| Net assets released from donor restrictions | <u>2,704,016</u> | <u>-</u> | <u>2,704,016</u> | <u>(2,704,016)</u> | <u>-</u> |
| Total support and revenue | <u>10,101,972</u> | <u>185,614</u> | <u>10,287,586</u> | <u>(1,737,280)</u> | <u>8,550,306</u> |
| EXPENSES | | | | | |
| Program Services | | | | | |
| Research and Programs | 3,237,526 | - | 3,237,526 | - | 3,237,526 |
| Asia Regional Office | 1,883,717 | - | 1,883,717 | - | 1,883,717 |
| Research and Innovation | 2,157,549 | - | 2,157,549 | - | 2,157,549 |
| General Activities | <u>308,312</u> | <u>-</u> | <u>308,312</u> | <u>-</u> | <u>308,312</u> |
| Total program services | <u>7,587,104</u> | <u>-</u> | <u>7,587,104</u> | <u>-</u> | <u>7,587,104</u> |
| Supporting Services | | | | | |
| General and Administrative | 2,280,629 | - | 2,280,629 | - | 2,280,629 |
| Fundraising | <u>410,895</u> | <u>-</u> | <u>410,895</u> | <u>-</u> | <u>410,895</u> |
| Total supporting services | <u>2,691,524</u> | <u>-</u> | <u>2,691,524</u> | <u>-</u> | <u>2,691,524</u> |
| Total expenses | <u>10,278,628</u> | <u>-</u> | <u>10,278,628</u> | <u>-</u> | <u>10,278,628</u> |
| Changes in net assets before other items | (176,656) | 185,614 | 8,958 | (1,737,280) | (1,728,322) |
| OTHER ITEMS | | | | | |
| Unrealized appreciation (depreciation) of investments | 3,097 | (253,503) | (250,406) | - | (250,406) |
| Transfers | <u>255,737</u> | <u>(255,737)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>258,834</u> | <u>(509,240)</u> | <u>(250,406)</u> | <u>-</u> | <u>(250,406)</u> |
| Changes in net assets | 82,178 | (323,626) | (241,448) | (1,737,280) | (1,978,728) |
| NET ASSETS | | | | | |
| Beginning of year | <u>(360,884)</u> | <u>4,205,505</u> | <u>3,844,621</u> | <u>3,656,753</u> | <u>7,501,374</u> |
| End of year | <u>\$ (278,706)</u> | <u>\$ 3,881,879</u> | <u>\$ 3,603,173</u> | <u>\$ 1,919,473</u> | <u>\$ 5,522,646</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended September 30, 2016 And 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 1,646,770 | \$(1,978,728) |
| Adjustments to reconcile increase in net assets to net cash used for operating activities: | | |
| Depreciation and amortization | 122,738 | 122,384 |
| Realized and unrealized (gain) loss on investment | (349,716) | 69,948 |
| (Increase) decrease in: | | |
| Accounts receivable | (129,081) | 22,933 |
| Contracts receivable | (141,101) | (61,250) |
| Contributions receivable | 81,025 | 140,874 |
| Advances | (13,279) | 3,543 |
| Prepaid expenses | (17,460) | (3,805) |
| Security deposits | 521 | (15,070) |
| Increase (decrease) in: | | |
| Accounts payable | 41,129 | 49,236 |
| Accrued payroll and leave payable | 56,979 | 86,579 |
| Deferred revenue | (458,660) | (77,910) |
| Sublease deposit | (13,844) | 850 |
| Deferred rent | <u>204,376</u> | <u>(68,014)</u> |
| Net cash provided by (used) for operating activities | <u>1,030,397</u> | <u>(1,708,430)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of furniture, equipment and leasehold improvements | - | (3,035) |
| Purchase of investments | (4,026,912) | (1,644,725) |
| Proceeds from sale of investments | <u>4,064,352</u> | <u>3,684,492</u> |
| Net cash provided by investing activities | <u>37,440</u> | <u>2,036,732</u> |
| Net increase in cash and cash equivalents | 1,067,837 | 328,302 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>615,567</u> | <u>287,265</u> |
| End of year | <u>\$ 1,683,404</u> | <u>\$ 615,567</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016 And 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION AND PURPOSE

The International Center for Research on Women ("**ICRW**") is a private, non-profit organization, dedicated to promoting social and economic development with women's full participation. ICRW works in collaboration with policymakers, practitioners and researchers throughout Africa, Asia and Latin America in formulating policy and actions concerning: the economic, social and health status of women in developing countries; women's critical contributions to development, given their dual productive and reproductive roles; and policy and program features that can improve the situation of poor women while making development interventions more effective.

Focusing on economic policies, family and household structure, health and nutrition, and agriculture and the environment, ICRW's programs consist of policy-oriented research, program support and analysis services, and communications forums.

ICRW has liaison offices in India, International Centre for Research on Women ("**ICRW – ARO India**") and Kenya, International Centre for Research on Women – East Africa Regional Office ("**ICRW – EARO Kenya**"), that carry on programmatic activities that supports the overall mission of ICRW. ICRW – ARO India is incorporated as a limited company under Section 25 of the Companies Act, 1956 and has been registered to receive foreign funds under the Foreign Contribution (Regulation) Act, 1976. ICRW – EARO Kenya is incorporated under Section 10 of the Non-Governmental Organizations Co-ordination Act. Both organizations have separate Board of Directors. ICRW has elected to consolidate ICRW – India and ICRW – Kenya as it has both control through agreements and economic interest in the organizations.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting and include the accounts of ICRW, ICRW – India and ICRW – EARO. Consequently, revenue is recognized when earned, contributions and pledges when received and expenses when the obligations are incurred. Significant intercompany transactions and balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of monies deposited in various checking accounts and money market accounts.

FOREIGN CURRENCY TRANSLATION

In addition to ICRW's U.S. office, ICRW maintains offices in Kenya and India. The U.S. Dollar (Dollars) is the functional currency for ICRW operations. Transactions in the currency other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Statements of Financial Position.

INVESTMENTS

ICRW records investments in securities at fair market value with the resulting gains and losses reported in the statement of activity. The fair market value of investments traded on a securities exchange is determined based on quoted prices for those investments.

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

ACCOUNTS, CONTRACTS AND CONTRIBUTIONS RECEIVABLE

Accounts, contracts and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements are recorded at cost. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of the assets or, where applicable, the terms of the leases, whichever is shorter. The cost of furniture and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income. Major additions are capitalized while replacement, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed. ICRW's capitalization threshold is \$1,500.

INCOME TAXES

ICRW was incorporated in 1976 under the laws of the District of Columbia and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. ICRW is, however, subject to tax on the net profits generated by activities defined as unrelated business activities under applicable tax law. To date, ICRW has not engaged in such activities.

Management has reviewed the tax positions for each of the open tax years (years ended September 30, 2013 – 2015) or expected to be taken in ICRW's September 30, 2016 tax return and has concluded that there are not significant uncertain tax positions that would require recognition in the financial statements.

NET ASSET CLASSIFICATION

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ICRW and changes therein are classified and reported as follows

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of ICRW and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of ICRW and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

GRANTS, FEDERAL AND NON-FEDERAL CONTRACTS, AND CONTRIBUTIONS

Revenue received from cost-reimbursable contracts is recognized when expenses have been incurred. Contract awards received in exchange for services, but not expended for the purpose of the contract, are reflected as refundable advances in the accompanying Statements of Financial Position.

Contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

USE OF ESTIMATES

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

FUNCTIONAL ALLOCATION OF EXPENSES

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

CONCENTRATION OF CREDIT RISK

ICRW occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Additionally, ICRW maintains field offices in India and Kenya. ICRW had approximately \$77,500 and \$260,500 of cash and cash equivalents held at financial institutions and on hand in foreign countries as of September 30, 2016 and 2015, respectively. The funds held in foreign countries are uninsured.

RECLASSIFICATIONS

Certain reclassifications were made to the 2015 financial statements to conform to the 2016 presentation.

(2) INVESTMENTS

Investments consisted of the following at September 30, 2016 and 2015:

| | <u>2016</u> | | <u>2015</u> | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>Cost</u> | <u>Market</u> | <u>Cost</u> | <u>Market</u> |
| Money Market | \$1,158,533 | \$1,158,533 | \$ 696,910 | \$ 696,910 |
| Mutual Funds | | | | |
| Equities | 1,011,403 | 2,069,831 | 1,212,569 | 2,195,574 |
| Fixed Income | <u>1,947,317</u> | <u>2,026,106</u> | <u>2,054,968</u> | <u>2,074,710</u> |
| Total Investments | <u>\$4,117,253</u> | <u>\$5,254,470</u> | <u>\$3,964,447</u> | <u>\$4,967,194</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

ICRW utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritize inputs to valuation methods. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that ICRW has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing ICRW’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value ICRW’s investments as of September 30, 2016 and 2015 is as follows:

| | <u>2016</u> | | | |
|---------------------|--------------------|----------------|----------------|--------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Asset Class: | | | | |
| Money Market | \$1,158,533 | \$ - | \$ - | \$1,158,533 |
| Mutual Funds: | | | | |
| Equities | 2,069,831 | - | - | 2,069,831 |
| Fixed Income | <u>2,026,106</u> | <u>-</u> | <u>-</u> | <u>2,026,106</u> |
| Total | <u>\$5,254,470</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$5,254,470</u> |

| | <u>2015</u> | | | |
|---------------------|--------------------|----------------|----------------|--------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Asset Class: | | | | |
| Money Market | \$ 696,910 | \$ - | \$ - | \$ 696,910 |
| Mutual Funds: | | | | |
| Equities | 2,195,574 | - | - | 2,195,574 |
| Fixed Income | <u>2,074,710</u> | <u>-</u> | <u>-</u> | <u>2,074,710</u> |
| Total | <u>\$4,967,194</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$4,967,194</u> |

Included in investment income are the following:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|--------------------|
| Interest income | \$ 104,084 | \$ 95,050 |
| Realized gain | <u>215,246</u> | <u>180,459</u> |
| Total investment income | <u>\$ 319,330</u> | <u>\$ 275,509</u> |
| Unrealized appreciation (depreciation) of investments | <u>\$ 134,470</u> | <u>\$(250,406)</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

(3) CONTRIBUTIONS RECEIVABLE

All contributions receivable are considered to be collectible within one year unless otherwise stated by the donor.

Contributions receivable consisted of the following at September 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|
| Foundations and other organizations | \$ 365,794 | \$ 446,819 |
| Less: Current portion | <u>365,794</u> | <u>446,819</u> |
| Contributions receivable, long-term portion | <u>\$ -</u> | <u>\$ -</u> |

Contributions are due as follows at September 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--------------------|-------------------|-------------------|
| Less than one year | \$ 365,794 | \$ 446,819 |
| One to five years | <u>-</u> | <u>-</u> |
| | <u>\$ 365,794</u> | <u>\$ 446,819</u> |

(4) FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements are as follows at September 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|---|--------------------|-------------------|
| Furniture and equipment | \$ 566,395 | \$ 566,395 |
| Leasehold improvements | <u>644,015</u> | <u>644,015</u> |
| | 1,210,410 | 1,210,410 |
| Less: Accumulated depreciation and amortization | <u>(1,085,917)</u> | <u>(963,179)</u> |
| Furniture and equipment, net | <u>\$ 124,493</u> | <u>\$ 247,231</u> |

(5) DEFERRED COMPENSATION

ICRW maintains a deferred compensation account for eligible employees. The investment in the deferred compensation account was \$50,000 and \$25,000 for the years ended September 30, 2016 and 2015, respectively. Contributions to the account were \$50,000 and \$25,000 during the years ending September 30, 2016 and 2015, respectively.

(6) BANK LINE OF CREDIT

ICRW has available a \$300,000 revolving working capital line of credit as of September 30, 2016. Advances under this line accrue interest at the LIBOR Daily Floating Rate plus 3.50%. The prime rate of interest was 3.92% at September 30, 2016. There were no outstanding balances on the line of credit as of September 30, 2016 and 2015. The line of credit expires on April 30, 2017.

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

(7) NET ASSETS

As of September 30, 2016 and 2015, net assets have been designated by the Board of Directors for the following purposes:

| | <u>2016</u> | <u>2015</u> |
|-------------------|-------------|-------------|
| Operating Reserve | \$3,682,268 | \$3,881,879 |

Temporarily restricted net assets as of September 30, 2016 and 2015 relates to non-Federal grants. The net assets will be released when expenses are incurred that satisfy the restricted purposes. Temporarily restricted net assets consist of the following at September 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-------------------------|--------------------|--------------------|
| Research and Programs | \$ 892,145 | \$1,281,819 |
| Asia Regional Office | 2,071,436 | 596,626 |
| Research and Innovation | 379,232 | 13,803 |
| General Activities | <u>65,390</u> | <u>27,225</u> |
| | <u>\$3,408,203</u> | <u>\$1,919,473</u> |

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

| | <u>2016</u> | <u>2015</u> |
|-------------------------|--------------------|--------------------|
| Research and Programs | \$2,315,502 | \$1,317,959 |
| Asia Regional Office | 1,354,425 | 963,498 |
| Research and Innovation | 184,571 | - |
| General Activities | <u>343,142</u> | <u>422,559</u> |
| | <u>\$4,197,640</u> | <u>\$2,704,016</u> |

The net assets released include both direct and indirect expenses for the restricted purposes.

(8) CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are recorded at their fair market value as of the date of the gift. During the years ended September 30, 2016 and 2015, ICRW was the beneficiary of donated goods and services, which allowed ICRW to provide greater resources toward various programs.

The following contributed goods and services have been included in revenue and expenses for the years ended September 30, 2016 and 2015.

| | <u>2016</u> | <u>2015</u> |
|--------------------------------------|------------------|------------------|
| Professional fees | \$ 3,339 | \$ 4,529 |
| Advertising | <u>115,655</u> | <u>107,643</u> |
| Total contributed goods and services | <u>\$118,994</u> | <u>\$112,172</u> |

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

(9) LEASE AND OTHER COMMITMENTS AND CONTINGENCIES

On April 1, 2016, ICRW amended its lease agreement to extend the terms of its office space in Washington D.C. under a lease set to expire on September 30, 2027 with an option to extend the lease for one term of five years. The lease also contains a one-time option to terminate the lease on March 31, 2024 which requires a fifteen months' advance notice. This lease contains a certain amount of free rent. The lease also provides up to \$1,199,925 to make improvements to the office space. Construction is expected to begin during the 2017 fiscal year.

In accordance with generally accepted accounting principles, rent expense is recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense is recorded as a deferred rent liability in the Statement of Financial Position. As of September 30, 2016, the deferred rent balance under the amended lease was approximately \$414,000. ICRW's former lease also provided for a period of free rent, and, as of September 30, 2015, the balance of deferred rent included in the statement of financial position was approximately \$210,000. At the signing of the new agreement, the balance in deferred rent under the previous arrangement was recognized as other income in the statement of activities.

ICRW also rents office space in Mumbai and Delhi, India. These leases are on a month-to-month or annual basis.

The following is a schedule of future minimum rental payments required under these non-cancelable operating leases for the Washington, D.C. office as of September 30, 2016:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|--------------------|
| 2017 | \$ 521,567 |
| 2018 | 796,990 |
| 2019 | 816,909 |
| 2020 | 837,308 |
| 2021 | 863,626 |
| Thereafter | <u>5,688,605</u> |
| | <u>\$9,525,005</u> |

Rent expense, net of rental income of \$267,239 and \$349,430 for the years ended September 30, 2016 and 2015, was \$885,603 and \$840,946, respectively. All agreements of space sub-leased by ICRW to other organizations were terminated as of September 30, 2016.

OTHER COMMITMENTS

At September 30, 2016 ICRW had obligated funds through various sub-agreements for research and program support with third-party organizations in the amount of \$587,369, payable in installments according to the terms of the various sub-agreements. The liability for these obligations will be recorded when the expenses have been incurred by the sub-grantees.

CONTINGENCY

Under the terms of the U.S. Government grants, which are made based upon the acceptance by the U.S. Government of the program proposals submitted by ICRW, amounts are stipulated for both direct program costs and administrative overhead costs. The administrative overhead rate used by ICRW, while provisionally approved, is subject to review and final approval by the U.S. Government. The administrative overhead rate has been approved through September 30, 2014. Management believes that any adjustment to the 2015 and 2016 administrative overhead rates, if any, will not have a material effect on the financial position or operating results of ICRW.

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

September 30, 2016 And 2015

(10) PENSION PLAN

ICRW maintains a Section 403(b) tax-deferred annuity pension plan for its employees. The plan provides employer contributions at the rate of seven percent of eligible compensation after employees complete one year of service. The pension contributions for the years ended September 30, 2016 and 2015 were \$289,286 and \$260,073, respectively.

(11) BUSINESS COMBINATION

Subsequent to year-end, on January 27, 2017, ICRW and Re:Gender filed a business combination plan (the “Plan”) with the Attorney General of the state of New York. The Plan is being made as a result of the discontinuation of Re:Gender’s core support grants from one contributor and its desire to transfer its assets to a “like-minded” organization. Re:Gender and ICRW have complementary missions with the primary difference being the location in which their research is performed – ICRW focuses its programs internationally and Re:Gender performs research domestically. As a result of the Plan, ICRW will continue Re:Gender’s mission by building domestic issues and research into their global research agenda.

Under the terms of the Plan, ICRW’s existing by-laws will remain intact and governance of the combined entity will largely be made up of existing ICRW board members. At September 30, 2016, Re:Gender had net assets of approximately \$1,700,000 which consisted of cash and investments. All of Re:Gender’s liabilities have been settled and its office space lease commitment has successfully been assigned to an unrelated organization. At the report date, ICRW is unable to approximate the amount of Re:Gender’s net assets that will be transferred until the plan is formally approved by the Attorney General of the state of New York.

(12) SUBSEQUENT EVENTS

In preparing these consolidated financial statements, ICRW has evaluated events and transactions for potential recognition or disclosure through February 8, 2017, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL FINANCIAL INFORMATION**

**Tot the Board of Directors of
International Center for Research on Women
Washington, D.C.**

We have audited the consolidated financial statements of International Center for Research on Women as of and for the year ended September 30, 2016, and have issued our report thereon date February 8, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of unrestricted revenues and functional expenses is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
February 8, 2017**

INTERNATIONAL CENTER FOR RESEARCH ON WOMEN

CONSOLIDATED SCHEDULE OF UNRESTRICTED REVENUES AND FUNCTIONAL EXPENSES

For The Year Ended September 30, 2016 With Summarized Financial Information For 2015

| | 2016 | | | | |
|---|----------------------------------|-------------------------------------|---------------------------------|------------------------------------|-------------------------------|
| | PROGRAM SERVICES | | | | |
| | <u>Research and Programs</u> | <u>External Relations Group</u> | <u>Asia Regional Office</u> | <u>Research and Innovation</u> | <u>General Activities</u> |
| SUPPORT AND REVENUE | | | | | |
| Grants, contracts and contributions | \$ 5,012,166 | \$ 76,015 | \$ 3,073,804 | \$ 2,526,557 | \$ 345,072 |
| Investment income | - | - | 2,544 | - | 85,064 |
| Contributed goods and services | - | - | - | - | - |
| Other revenue | - | - | - | - | 181,331 |
| Total unrestricted support and revenue | <u>5,012,166</u> | <u>76,015</u> | <u>3,076,348</u> | <u>2,526,557</u> | <u>611,467</u> |
| EXPENSES | | | | | |
| Salaries – Regular | 1,221,522 | 24,756 | 54,541 | 804,422 | 139,372 |
| Salaries – Secounded | 121,992 | - | 245,785 | 27,835 | 20,614 |
| Salaries – Field offices | 598 | - | 354,666 | 15,150 | - |
| Benefits | 524,313 | 9,674 | 249,214 | 327,158 | 62,180 |
| Printing and duplicating | 11,534 | 11 | 7,947 | 7,206 | 201 |
| Occupancy | - | - | - | 1,869 | - |
| Accounting/Audit | - | - | 192 | - | - |
| Insurance | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - |
| Telecommunications | 2,626 | - | 16,202 | 1,515 | (822) |
| Donated services | - | - | - | - | - |
| Postage and delivery | 605 | - | 1,281 | 1,791 | 75 |
| Office supplies | 552 | 62 | 7,840 | 164 | 78 |
| Subscriptions and publications | 1 | - | - | 292 | - |
| Other direct costs | 22,752 | - | 380 | 9,033 | 21,433 |
| Bank fees | 972 | - | 520 | 517 | 596 |
| Equipment | 4,557 | - | 17,067 | 3,587 | 42 |
| Contract services | 618,410 | - | 605,030 | 86,601 | 221,764 |
| Meetings and conferences | 21,706 | 894 | 56,242 | 29,782 | 10,870 |
| Recruitment | 25 | - | 261 | - | - |
| Program support | 319,304 | 4,738 | 196,892 | 155,631 | 49,693 |
| Contributions | 5 | - | - | - | - |
| Sub-agreements | 330,646 | - | 210,194 | 31,504 | - |
| Facilities | 408,885 | 8,283 | 183,475 | 280,987 | 52,306 |
| Honoraria | 1,500 | - | 83 | - | - |
| Transportation and travel | 230,456 | 8,604 | 161,273 | 87,891 | 19,674 |
| Fee recovery | 5,559 | - | 1,622 | 39,228 | - |
| Representation | - | - | - | - | - |
| Miscellaneous | (828) | (47) | 492 | - | (5,656) |
| Total expenses before general and administrative allocation | 3,847,692 | 56,975 | 2,371,199 | 1,912,163 | 592,420 |
| General and administrative allocation | <u>1,173,912</u> | <u>19,040</u> | <u>721,782</u> | <u>615,026</u> | <u>199,701</u> |
| Total expenses | <u>5,021,604</u> | <u>76,015</u> | <u>3,092,981</u> | <u>2,527,189</u> | <u>792,121</u> |
| Excess (deficiency) of support and revenue with respect to expenses | <u>\$ (9,438)</u> | <u>\$ -</u> | <u>\$ (16,633)</u> | <u>\$ (632)</u> | <u>\$ (180,654)</u> |

| SUPPORTING SERVICES | | | | | 2015 |
|-------------------------------|--------------------|-----------------------------------|----------------------------------|-------------------|-------------------|
| Total Program Services | Fundraising | General and Administrative | Total Supporting Services | Total | Total |
| \$11,033,614 | \$ 277,498 | \$ - | \$ 277,498 | \$11,311,112 | \$ 9,886,310 |
| 87,608 | - | 231,722 | 231,722 | 319,330 | 275,509 |
| - | 115,655 | 3,339 | 118,994 | 118,994 | 112,172 |
| <u>181,331</u> | <u>-</u> | <u>46,410</u> | <u>46,410</u> | <u>227,741</u> | <u>13,595</u> |
| <u>11,302,553</u> | <u>393,153</u> | <u>281,471</u> | <u>674,624</u> | <u>11,977,177</u> | <u>10,287,586</u> |
| 2,244,613 | 62,385 | 1,817,683 | 1,880,068 | 4,124,681 | 3,638,096 |
| 416,226 | - | 64,945 | 64,945 | 481,171 | 327,678 |
| 370,414 | - | 115,455 | 115,455 | 485,869 | 477,207 |
| 1,172,539 | 24,378 | 748,294 | 772,672 | 1,945,211 | 1,623,655 |
| 26,899 | 2,554 | 14,056 | 16,610 | 43,509 | 62,218 |
| 1,869 | - | 883,734 | 883,734 | 885,603 | 840,947 |
| 192 | - | 51,351 | 51,351 | 51,543 | 45,494 |
| - | - | 24,638 | 24,638 | 24,638 | 32,694 |
| - | - | 122,738 | 122,738 | 122,738 | 122,384 |
| 19,521 | 261 | 52,887 | 53,148 | 72,669 | 77,087 |
| - | 115,655 | 3,339 | 118,994 | 118,994 | 112,172 |
| 3,752 | 855 | 2,014 | 2,869 | 6,621 | 8,812 |
| 8,696 | 51 | 11,631 | 11,682 | 20,378 | 33,317 |
| 293 | 1,024 | 21,800 | 22,824 | 23,117 | 25,053 |
| 53,598 | 10,560 | 40,488 | 51,048 | 104,646 | 45,076 |
| 2,605 | 1,615 | 11,605 | 13,220 | 15,825 | 12,509 |
| 25,253 | 2,090 | 94,440 | 96,530 | 121,783 | 102,828 |
| 1,531,805 | 61,623 | 302,250 | 363,873 | 1,895,678 | 1,051,279 |
| 119,494 | 26,790 | 38,498 | 65,288 | 184,782 | 186,546 |
| 286 | 8,695 | 1,772 | 10,467 | 10,753 | 1,793 |
| 726,258 | 20,227 | (746,485) | (726,258) | - | - |
| 5 | - | - | - | 5 | 361 |
| 572,344 | - | - | - | 572,344 | 765,794 |
| 933,936 | 20,874 | (954,810) | (933,936) | - | - |
| 1,583 | - | 7,875 | 7,875 | 9,458 | 8,388 |
| 507,898 | (537) | 83,860 | 83,323 | 591,221 | 640,699 |
| 46,409 | - | - | - | 46,409 | 12,002 |
| - | - | - | - | - | 164 |
| <u>(6,039)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,039)</u> | <u>24,375</u> |
| 8,780,449 | 359,100 | 2,814,058 | 3,173,158 | 11,953,607 | 10,278,628 |
| <u>2,729,461</u> | <u>81,288</u> | <u>(2,810,749)</u> | <u>(2,729,461)</u> | <u>-</u> | <u>-</u> |
| <u>11,509,910</u> | <u>440,388</u> | <u>3,309</u> | <u>443,697</u> | <u>11,953,607</u> | <u>10,278,628</u> |
| <u>\$ (207,357)</u> | <u>\$ (47,235)</u> | <u>\$ 278,162</u> | <u>\$ 230,927</u> | <u>\$ 23,570</u> | <u>\$ 8,958</u> |