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WOMEN IN COMMUNITY SERVICE, INC.
ALEXANDRIA, VIRGINIA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

SEP 23 1998

Release Date _____

Affidavit and Revenue Certification

FIND WORK OFFICE OF FAMILY SUPPORT

ENTITY NAME

ORLEANS Parish
NEW ORLEANS (City), Louisiana

ANNUAL SWORN FINANCIAL STATEMENTS AND CERTIFICATION OF REVENUES \$50,000 OR LESS (if applicable)

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less, if applicable, is required by Louisiana Revised Statute 24:513(l)(1)(c)(i).

Personally came and appeared before the undersigned authority, RUTH C. HERMAN (name), who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of WOMEN in COMMUNITY SERVICE, INC. (entity name) as of SEPT. 30, 1997, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements. ALSO ATTACHED IS ENGAGEMENT LETTER for fiscal year 1998.

(Complete if applicable)

In addition, (name), who, duly sworn, deposes and says that (entity name) received \$50,000 or less in revenues and other sources for the year ended 19, and accordingly, is not required to have an audit for the previously mentioned year.

Handwritten signature of Ruth C. Herman over the word Signature

Sworn to and subscribed before me this 16 day of September, 1998.

Handwritten signature of Notary Public over the text NOTARY PUBLIC and expiration date 3/31/2000

Officer Name RUTH C. HERMAN
Title EXECUTIVE DIRECTOR
Address 1900 N. BEAUREGARD ST., SUITE 103 ALEXANDRIA, VA 22311
Telephone No. (703)671-0500

CB&M

Councilor, Buchanan & Mitchell, P.C.

CERTIFIED PUBLIC
ACCOUNTANTS
SINCE 1921

December 8, 1997

DENNISON L. MITCHELL
THOMAS A. O'NEAL
E. BURNS McLENNAN
CLAIR A. PARSONS
S. VINCENT CRISCIANO
JAMES A. TORTORELLA
JOHN G. SCOZZALAVA
ANTHONY A. CUZZO
RALPH N. DE LUCA
PETER B. KEENE
PAUL E. BURKE
JAMES A. SUMMERS

Independent Auditors' Report

The Board of Directors
Women In Community Service, Inc.
Alexandria, Virginia

We have audited the accompanying statement of financial position of Women In Community Service, Inc. as of September 30, 1997, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women In Community Service, Inc. as of September 30, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Councilor, Buchanan & Mitchell, P.C.

Certified Public Accountants

7101 WISCONSIN AVENUE
BETHESDA, MARYLAND
20814-4877
301-956-0600
FAX: 301-956-0432

WOMEN IN COMMUNITY SERVICE, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 1997

WOMEN IN COMMUNITY SERVICE, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 1997

ASSETS

CURRENT ASSETS:

Cash:	
Unrestricted	\$ 98,149
Restricted	364,807
Cash on Hand	<u>8,870</u>
Total Cash	\$ 471,826
Unconditional Promises to Give	5,000
Accounts Receivable:	
Billed Contracts	478,501
Costs in Excess of Billings on Uncompleted Contracts	135,109
Other Receivables	14,996
Inventory	15,202
Prepaid Expenses and Other Assets	29,642
Employee Advances	<u>979</u>
Total Current Assets	<u>\$ 1,151,255</u>
Furniture and Equipment	\$ 251,244
Less Accumulated Depreciation	<u>187,594</u>
Net Furniture and Equipment	<u>\$ 63,650</u>
Unconditional Promises to Give, Net	<u>\$ 8,916</u>
TOTAL ASSETS	<u>\$ 1,223,821</u>

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETSCURRENT LIABILITIES:

Accounts Payable	\$ 175,619
Accrued Salaries and Related Costs	158,250
Accrued Annual Leave	3,854
Deferred Revenue	<u>30,933</u>

Total Current Liabilities \$ 368,656

NET ASSETS (Exhibit B):

Unrestricted	\$ 490,358
Temporarily Restricted	<u>364,807</u>

Total Net Assets \$ 855,165

TOTAL LIABILITIES AND NET ASSETS

\$ 1,223,821

WOMEN IN COMMUNITY SERVICE, INC.STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETSFOR THE YEAR ENDED SEPTEMBER 30, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUES:</u>			
Contracts	\$ 5,411,881	\$ -	\$ 5,411,881
Grants/Contributions	209,652	524,556	734,208
Publications Sales (Net of Cost of Sales of \$2,374)	5,629	-	5,629
Education Workshops	6,253	-	6,253
Interest	22,248	-	22,248
Other	526	-	526
Net Assets Released from Restrictions:			
Satisfaction of Donors' Restrictions	<u>593,634</u>	<u>(593,634)</u>	<u>-</u>
Total Support and Revenues	<u>\$ 6,249,823</u>	<u>\$ (69,078)</u>	<u>\$ 6,180,745</u>
<u>EXPENSES:</u>			
Program Services:			
Job Skills and Employment Training	\$ 6,086,002	\$ -	\$ 6,086,002
General and Administrative	150,569	-	150,569
Fund-raising	<u>66,778</u>	<u>-</u>	<u>66,778</u>
Total Expenses	<u>\$ 6,303,349</u>	<u>\$ -</u>	<u>\$ 6,303,349</u>
Decrease in Net Assets	\$ (53,526)	\$ (69,078)	\$ (122,604)
Net Assets, Beginning of Year	<u>543,884</u>	<u>433,885</u>	<u>977,769</u>
NET ASSETS, END OF YEAR	<u>\$ 490,358</u>	<u>\$ 364,807</u>	<u>\$ 855,165</u>

WOMEN IN COMMUNITY SERVICE, INC.STATEMENT OF CASH FLOWSFOR THE YEAR ENDED SEPTEMBER 30, 1997CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets (Exhibit B)	\$ (122,604)
Adjustments to Reconcile Increase in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	31,736
(Increase) Decrease in Assets:	
Contract Receivables	(86,908)
Costs in Excess of Billings on Uncompleted Contracts	(19,706)
Other Receivables	(10,531)
Inventory	23,891
Prepaid Expenses and Other Assets	2,809
Advances	(277)
Unconditional Promises to Give	3,969
Increase in Liabilities:	
Accounts Payable	79,739
Accrued Salaries and Related Costs	9,807
Accrued Annual Leave	113
Deferred Revenue	<u>30,933</u>
Net Cash Used in Operating Activities	<u>\$ (57,029)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment	<u>\$ (15,268)</u>
Decrease in Cash	\$ (72,297)
Cash - Beginning of Year	<u>544,123</u>
CASH - END OF YEAR	<u>\$ 471,826</u>

WOMEN IN COMMUNITY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1997

NOTE 1 - ORGANIZATION

Women In Community Service, Inc. (the "Organization") is a private, independent, nonprofit corporation founded in 1964 by five national civic and religious organizations for women. The Organization is dedicated to reducing the number of women and young people living in poverty by fostering self-reliance and economic independence. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization coordinates the efforts of several thousand volunteers throughout the United States to provide mentoring, teach job skills, and obtain employment-related training to thousands of low-income women and young people each year. The Organization receives funding as a contractor to the United States Department of Labor and from other public and private sources.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization uses the accrual method of accounting. Under this method, revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Capital Expenditures and Depreciation

Purchases in excess of \$1,000 are capitalized as assets on the balance sheet. Donated furniture and equipment are capitalized at estimated fair value when the estimated fair value of such assets exceeds \$1,000.

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Expenditures and Depreciation (Continued)

Depreciation is based on the straight-line method over an estimated useful life of five years. Depreciation expense for the year ended September 30, 1997, was \$31,736.

The Organization's method of accounting for furniture and equipment purchased for Department of Labor (DOL) contracts with federal funds is in conformity with federal reporting requirements. Since the Organization does not have legal title to these assets, all furniture and equipment purchased with DOL funds is charged to expense when acquired instead of being capitalized and depreciated over its useful life. The amount charged to expense for such items was \$58,301 for the year ended September 30, 1997, and is included in program expenses as contract assets.

Donated Services

For the year ended September 30, 1997, in-kind contributions and donated services were recorded as contribution revenue and in-kind services expense at their estimated fair market values at the date of donation. In-kind contributions included gift certificates, clothing, toys, furniture and equipment. Donated services included magazine advertising and promotional materials. These contributions and donated services benefited the Job Skills, Life Skills, and Mentoring programs sponsored by the Organization. The total amount recorded as in-kind contribution revenue and in-kind services expense was \$91,041.

Concentration of Credit Risk

The Organization's cash is maintained in various institutions which are insured by the Federal Deposit Insurance Corporation up to \$100,000. During the year, the Organization had cash in these institutions that exceeded this limit. At September 30, 1997, the amount maintained in excess of the insured limit was \$182,064.

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of September 30, 1997, the amount of unconditional promises receivable is considered fully collectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of 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.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give at September 30, 1997, are as follows:

Receivable in Less than One Year	\$ 5,000
Receivable in One to Five Years	<u>10,000</u>
Total Unconditional Promises to Give	\$ 15,000
Less Unamortized Discount	<u>1,084</u>
Net Unconditional Promises to Give at September 30, 1997	<u>\$ 13,916</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 4 - PENSION PLAN

The Organization has a defined contribution pension plan covering employees who have completed one year of service, provided that the employee worked at least one thousand hours during the year. Under the plan, the Organization makes monthly contributions to an insurance company for amounts equal to seven percent of the gross payroll of covered employees. These contributions are invested in the employees' annuity accounts, the rights to which are immediately vested. The plan's cost for the year ended September 30, 1997, was \$189,065.

Employees of the Organization may also elect to defer a percentage of their salary under a Tax Deferred Annuity Plan. Employees are eligible immediately following their date of hire. The Organization does not offer a matching contribution.

NOTE 5 - GOVERNMENT CONTRACTS

The Organization has entered into various contracts with the United States Department of Labor, and is dependent on future funding under these contracts. These contracts are primarily cost-reimbursable. During the year ended September 30, 1997, the Organization earned 92% of its contract revenues and 82% of its total support and revenues from these contracts.

The costs of cost-reimbursable contracts are subject to audit adjustment by the grantor agency. Total expenses reviewed and accepted by the grantor agency for prior years is approximately \$11,850,000.

As of September 30, 1997, approximately \$16,015,000 of U.S. Government contract expenditures remain subject to government audit. Management does not expect any material adjustment to arise from government review of these expenses.

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of September 30, 1997:

<u>Grantor</u>	<u>Project/Activities</u>	<u>Amount</u>
DeWitt Wallace - Reader's Digest Fund	Youth Development	\$ 17,775
W.K. Kellogg Foundation	Lifeskills, Organizational Development and Other	227,056
Freddie Mac Foundation and Others	Mentoring - Washington, D.C.	28,598
Various	Mentoring - Philadelphia	18,349
Helen DeRoy Foundation	Mentoring - Detroit	6,210
Various	Mentoring and Support, Other Locations	20,170
Various	Likeskills	1,801
Various	Regional Cash on Hand	<u>44,848</u>
		<u>\$ 364,807</u>

NOTE 7 - OPERATING LEASE COMMITMENTS

The Organization leases office space, storage space and equipment under operating leases. One lease requires additional rental payments based upon the changes in the lessor's operating expenses and real estate taxes. Future minimum lease commitments for all long-term leases are as follows:

<u>Year Ending September 30:</u>	
1998	\$ 134,185
1999	111,483
2000	101,050
2001	65,906
2002	-
Thereafter	-
Total	<u>\$ 412,624</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE 7 - OPERATING LEASE COMMITMENTS (Continued)

Total rent expense for the year ended September 30, 1997, was as follows:

Offices and Storage -	Minimum Rental	\$ 216,758
	Contingent Rental	2,946
Equipment Rentals		<u>39,938</u>
Total Rent Expense		<u>\$ 259,642</u>

NOTE 8 - SERVICES AGREEMENT COMMITMENT

The Organization has entered into a professional services agreement for the evaluation of the Lifeskills Replication and Volunteer Management Program. Professional services and products will be provided at a fixed fee of \$85,305 payable in six installments over a two-year period starting in November 1995. The agreement also calls for reimbursement of travel expenses plus out-of-pocket costs, materials, supplies and communication costs. Costs associated with this agreement for the year ended September 30, 1997, amounted to \$31,160 and are included in program expenses as Lifeskills Evaluation and Monitoring.

SUPPLEMENTARY INFORMATION

WOMEN IN COMMUNITY SERVICE, INC.SCHEDULE OF FUNCTIONAL EXPENSESFOR THE YEAR ENDED SEPTEMBER 30, 1997(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1996)

	Program Expenses	General and		Total Expenses	
		Administrative Expenses	Fund-raising Expenses	1997	1996
Salaries	\$3,044,180	\$ 391,067	\$ 36,526	\$3,471,773	\$3,116,219
Payroll Taxes and Employee Benefits	910,260	89,111	9,236	1,008,607	924,822
Travel	372,259	25,134	819	398,212	273,552
Office Rent	161,723	69,688	3,644	235,055	199,219
Telephone	155,310	31,363	1,710	188,383	176,889
Consultants	43,072	39,292	-	82,364	82,233
Lifeskills Evaluation and Monitoring	31,983	174	-	32,157	26,197
Postage	72,409	19,874	1,179	93,462	102,214
Supplies and Copying	85,001	16,495	57	101,553	85,740
Equipment Rental and Maintenance	59,684	30,156	116	89,956	85,426
Promotion	189,578	4,328	722	194,628	110,401
Printing and Publications	35,493	28,922	2,754	67,169	28,225
Newsletter	-	24,147	-	24,147	20,467
Board and Committees	-	27,268	-	27,268	32,367
Contract Assets	58,301	-	-	58,301	47,401
Training	20,498	1,682	160	22,340	11,636
Payroll Processing	-	6,484	-	6,484	6,073
Insurance	-	19,838	-	19,838	15,407
Applicant Recruits and Corp Member Support/Awards	8,812	-	-	8,812	4,760
Volunteer Recognition	14,603	-	-	14,603	26,262
Memberships	6,789	2,462	170	9,421	7,429
In-kind Services	1,823	89,218	-	91,041	48,372
Miscellaneous	19,652	6,087	300	26,039	39,420
Depreciation	-	31,736	-	31,736	35,221
Expenses Before Overhead Allocation	\$5,291,430	\$ 954,526	\$ 57,393	\$6,303,349	\$5,505,952
Overhead Allocation	794,572	(803,957)	9,385	-	-
TOTAL EXPENSES	<u>\$6,086,002</u>	<u>\$ 150,569</u>	<u>\$ 66,778</u>	<u>\$6,303,349</u>	<u>\$5,505,952</u>