

**FRIENDS MEETING OF WASHINGTON**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2013**  
**and 2012 (Reviewed)**

**FRIENDS MEETING OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2013 and 2012 (Reviewed)**

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To the Board of Trustees  
Friends Meeting of Washington

## Report of Independent Auditors'

We have audited the accompanying financial statements of Friends Meeting of Washington (FMW) (a non-profit organization), which comprise the balance sheet as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends Meeting of Washington as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

The 2012 financial statements were reviewed by us, and our report thereon, dated November 6, 2012, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United State of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

A handwritten signature in cursive script that reads "McAuliffe Bunker, LLP". The signature is written in black ink and is positioned above the typed name and date.

Washington, DC  
September 24, 2013

**FRIENDS MEETING OF WASHINGTON  
STATEMENTS OF FINANCIAL POSITION**

<i>At June 30,</i>	2013 Audited	2012 Reviewed
<b>ASSETS</b>		
Cash and cash equivalents	\$ 213,685	\$ 161,893
Accounts receivable	200	800
Prepaid expenses and other assets	11,620	12,730
Investments	1,764,341	1,682,433
Antique collection	12,000	12,800
Land, buildings and equipment, net of depreciation	600,721	571,074
<b>TOTAL ASSETS</b>	<b>\$ 2,602,567</b>	<b>\$ 2,441,730</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 24,204	\$ 61,946
Deposits held	10,885	8,930
Deferred income	6,012	1,427
<b>TOTAL LIABILITIES</b>	<b>41,101</b>	<b>72,303</b>
<b>NET ASSETS</b>		
Unrestricted		
Meeting designated	420,795	413,562
Net investment in plant	612,720	571,074
Accumulated endowment earnings	892,178	814,152
Undesignated	242,934	187,678
<b>TOTAL UNRESTRICTED</b>	<b>2,168,627</b>	<b>1,986,466</b>
Temporarily restricted	90,917	81,039
Permanently restricted	301,922	301,922
<b>TOTAL NET ASSETS</b>	<b>2,561,466</b>	<b>2,369,427</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,602,567</b>	<b>\$ 2,441,730</b>

*See Independent Auditors' Report and Accompanying Notes*

**FRIENDS MEETING OF WASHINGTON  
STATEMENT OF ACTIVITIES**

For the Years Ended June 30,	2013		2012		
	Unrestricted	Temporarily restricted	Temporarily restricted	Temporarily restricted	Permanently restricted
	Audited	Permanently restricted	Total	Unrestricted	Total
<b>REVENUES AND SUPPORT</b>					
Contributions	\$ 243,042	\$ 53,586	\$ 296,628	\$ 217,278	\$ 513,906
Bequests and memorials	2,281	-	2,281	2,800	5,081
Use of facilities	135,113	-	135,113	118,351	253,464
Literature and projects sales	2,574	-	2,574	1,984	4,558
Interest and dividend income	75,914	-	75,914	77,130	153,044
Net realized and unrealized gains (losses) on investments	116,120	-	116,120	(58,297)	57,823
Other	695	-	695	714	1,409
<b>TOTAL REVENUE AND SUPPORT</b>	<b>575,739</b>	<b>53,586</b>	<b>629,325</b>	<b>359,960</b>	<b>989,285</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>43,708</b>	<b>(43,708)</b>	<b>-</b>	<b>51,347</b>	<b>(7,639)</b>
<b>TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS</b>	<b>\$ 619,447</b>	<b>\$ 9,878</b>	<b>\$ 629,325</b>	<b>\$ 411,307</b>	<b>\$ 1,040,632</b>
				<b>\$ (13,382)</b>	<b>\$ 1,027,250</b>

*See Independent Auditors' Report and Accompanying Notes*

**FRIENDS MEETING OF WASHINGTON  
STATEMENT OF ACTIVITIES (Continued)**

<i>For the Years Ended June 30,</i>	2013		2012		Total
	Audited		Reviewed		
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted	
<b>EXPENSES</b>					
Personnel and consultants	\$ 144,052	-	\$ 151,930	-	\$ 151,930
Program costs	63,626	-	73,671	-	73,671
Site costs	99,761	-	108,955	-	108,955
Office expenses	9,707	-	15,137	-	15,137
Apportionment	58,315	-	61,740	-	61,740
Depreciation	34,576	-	31,313	-	31,313
Property taxes	22,613	-	21,412	-	21,412
Other expenses	4,636	-	3,604	-	3,604
<b>TOTAL EXPENSES</b>	<b>437,286</b>	<b>-</b>	<b>467,762</b>	<b>-</b>	<b>467,762</b>
<b>CHANGE IN NET ASSETS</b>	<b>182,161</b>	<b>9,878</b>	<b>(56,455)</b>	<b>(13,382)</b>	<b>(69,837)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,986,466</b>	<b>81,039</b>	<b>2,042,921</b>	<b>94,421</b>	<b>2,439,264</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,168,627</b>	<b>\$ 90,917</b>	<b>\$ 1,986,466</b>	<b>\$ 81,039</b>	<b>\$ 2,369,427</b>

*See Independent Auditors' Report and Accompanying Notes*

**FRIENDS MEETING OF WASHINGTON  
STATEMENTS OF CASH FLOWS**

<i>For the Years Ended June 30,</i>	<b>2013 Audited</b>	<b>2012 Reviewed</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 192,039	\$ (69,837)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	34,576	31,313
Realized investment (gain)/loss	(833)	559
Unrealized investment (gain)/loss	(115,287)	57,738
(Increase) decrease in assets:		
Accounts receivable	600	(723)
Prepaid expenses and other assets	1,110	239
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(37,742)	44,845
Deposits held	1,955	2,750
Deferred revenue	4,585	1,427
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>81,003</b>	<b>68,311</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Sale of securities	34,212	-
Purchases of fixed assets	(64,223)	(59,690)
Sale of fixed assets	800	-
<b>CASH USED BY INVESTING ACTIVITIES</b>	<b>(29,211)</b>	<b>(59,690)</b>
<b>NET INCREASE IN CASH</b>	<b>51,792</b>	<b>8,621</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>161,893</b>	<b>153,272</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 213,685</b>	<b>\$ 161,893</b>

*See Independent Auditors' Report and Accompanying Notes*



**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2013 and 2012 (Reviewed)**

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**NOTE A- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

<b>Organization</b>	The Friends Meeting of Washington 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 Friends may feel themselves called to undertake. As a help to these ends we purpose to maintain a place of worship where Friends 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.
<b>Basis of Accounting</b>	The financial statements of FMW have been 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.
<b>Basis of Presentation</b>	Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958 Not-for-Profit Entities. In accordance with the topic, FMW is required to report 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. The financial statements have been prepared on the accrual basis of accounting.
<b>Use of Estimates</b>	Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.
<b>Cash and Cash Equivalents</b>	For the purposes of the statement of cash flows, FMW considers all highly liquid debt instruments purchases with an original maturity of less than three months and money market funds to be cash equivalents. Balances in bank accounts rarely exceed \$250,000, which is the maximum amount covered by federal depository insurance.
<b>Antique Collection</b>	An antique collection in the amount of \$12,800 was recorded June 30, 1981 at cost, which approximated fair market value. As of June 30, 2013 the collection is shown on the financial statements at \$12,000. The collection is not subject to depreciation.
<b>Property and Equipment</b>	Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Additions of \$2,500 or more are generally capitalized. Depreciation is computed, using the straight line method, over the estimated useful lives of the assets, which ranges from 3 to 30 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

*See Independent Auditors' Report*

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2013 and 2012 (Reviewed)**

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**NOTE A- ORGANIZATION AND 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 the restriction. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Restricted revenue received that is expended in the year of receipt is treated as unrestricted for financial statement purposes.

**Investments** Investments are recorded at fair market value. Unrealized gains and losses are included in the Statements of Activities.

**Contributed Services** FMW receives a substantial amount of services donated by its members in carrying out FMW's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50 Contributed Services.

**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 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 (2009-2011), or expected to be taken in its 2012 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

**Comparative  
Information**

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with FMW's financial statement for the year ended June 30, 2012, from which the summarized information was derived.

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2013 and 2012 (Reviewed)**

**NOTE B- INVESTMENTS**

Investments are carried at fair market value and are comprised of funds in managed accounts through the Friends Fiduciary Corporation, a nonprofit corporation. Participation in the funds is represented by units which are valued quarterly, at which time new participations and withdrawals are recorded. Cash paid out or received prior to these dates is adjusted by the appropriate interest charge or credit.

**NOTE C- FAIR VALUE MEASUREMENTS**

FMW uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with FASB ASC 820-10-50, FMW has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that FMW has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

All of FMW's investments are held with Friends Fiduciary Corporation, in units, which invest FMW's funds in various investment vehicles. 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:

<i>For the Year Ended June 30,</i>					<b>2013</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Domestic fixed income	\$ -	\$ -	\$ 308,760	\$	308,760
Global fixed income	-	-	127,033		127,033
Short term investment funds	-	-	21,172		21,172
Large cap equity funds	-	-	751,609		751,609
Small cap equity funds	-	-	118,211		118,211
International equity funds	-	-	345,811		345,811
REITs	-	-	88,217		88,217
Cash held for investment	-	-	3,528		3,528
<b>Total investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,764,341</b>	<b>\$</b>	<b>1,764,341</b>

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE C- FAIR VALUE MEASUREMENTS (continued)**

<i>For the Year Ended June 30,</i>				2012
	Level 1	Level 2	Level 3	Total
Domestic fixed income	\$ -	\$ -	\$ 403,784	\$ 403,784
Global fixed income	-	-	122,818	122,818
Short term investment funds	-	-	20,189	20,189
Large cap equity funds	-	-	686,433	686,433
Small cap equity funds	-	-	104,311	104,311
International equity funds	-	-	218,716	218,716
REITs	-	-	104,311	104,311
Cash held for investment	-	-	21,871	21,871
<b>Total investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,682,433</b>	<b>\$ 1,682,433</b>

The following table sets forth a summary of the changes in the fair value of FMW's Level 3 assets for the year ended June 30, 2013:

<b>Description</b>	<b>2013</b>	<b>2012</b>
Beginning balance	\$ 1,682,433	\$ 1,740,730
Purchases (sales) of securities	(34,212)	-
Realized and unrealized gains (losses)	116,120	(58,297)
<b>Ending balance</b>	<b>\$ 1,764,341</b>	<b>\$ 1,682,433</b>

**NOTE D- LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consists of the following at June 30:

<b>Description</b>	<b>2013</b>	<b>2012</b>
Land	\$ 231,888	\$ 231,888
Buildings and improvements	1,083,668	1,022,660
Furniture and equipment	19,357	19,357
	<b>1,334,913</b>	<b>1,273,905</b>
Less: accumulated depreciation	(734,192)	(702,831)
<b>Total</b>	<b>\$ 600,721</b>	<b>\$ 571,074</b>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$34,576 and \$31,313, respectively.

*See Independent Auditors' Report*

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2013 and 2012 (Reviewed)**

**NOTE E-DESIGNATED UNRESTRICTED NET ASSETS**

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

<b>Description</b>	<b>2013</b>	<b>2012</b>
Property reserve	\$ 87,402	\$ 84,188
Trustees' reserve	333,364	329,363
Fair trade coffee	29	11
<b>Total</b>	<b>\$ 420,795</b>	<b>\$ 413,562</b>

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

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

<b>Description</b>	<b>2013</b>	<b>2012</b>
Personal aid	\$ 12,252	\$ 13,412
Fund for sufferings	3,545	3,545
Senior center	6,432	6,432
Shoebox fund	20,432	24,841
Simpson fund	42,965	27,866
Hlekweni fund	2,427	1,302
Miscellaneous	2,864	3,641
<b>Total</b>	<b>\$ 90,917</b>	<b>\$ 81,039</b>

**NOTE G - ENDOWMENT**

FMW's endowment consists of one individual fund that was donated to FMW to support its exempt purpose. The endowment fund includes one fund designated by the donor as an endowment. Net assets associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of  
Relevant Law**

The Trustees of FMW has interpreted the 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

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE G – ENDOWMENT (continued)**

original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as a designated fund within unrestricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of 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:

- |  |  |
|--|--|
| <b>Interpretation of Relevant Law) (continued)</b> | <ol style="list-style-type: none"><li>(1) The duration and preservation of the fund</li><li>(2) The purposes of FMW's and the donor-restricted endowment fund</li><li>(3) General economic conditions</li><li>(4) The possible effect of inflation and deflation</li><li>(5) The expected total return from income and the appreciation of the investments</li><li>(6) Other resources of FMW</li><li>(7) The investment policies of FMW</li></ol> |
|--|--|

**Return Objectives and Risk Parameters**

FMW has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets 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 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.

**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**

FMW currently appropriates funds as they deem necessary. Spending is limited to earnings on the original principal.

**FRIENDS MEETING OF WASHINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2013 and 2012 (Reviewed)

**NOTE G – ENDOWMENT (continued)**

	<b>2013</b>			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 301,922	\$ 301,922
<b>Total funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 301,922</b>	<b>\$ 301,922</b>
<b>Changes in Endowment Net Assets</b>				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets, Beginning of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 301,922</b>	<b>\$ 301,922</b>
Investment return:				
Investment income	-	-	50,731	50,731
Accumulated appreciation (realized and unrealized)	-	-	892,178	892,178
<b>Total investment return</b>	<b>-</b>	<b>-</b>	<b>942,909</b>	<b>942,909</b>
Appropriation of endowment assets for expenditure	-	-	(50,731)	(50,731)
Total endowment, including U/R Gain	\$ -	\$ -	\$ 1,194,100	\$ 1,194,100
Less: Accumulated appreciation (realized and unrealized)	-	-	(892,178)	(892,178)
<b>Endowment net assets, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 301,922</b>	<b>\$ 301,922</b>

**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE G – ENDOWMENT (continued)**

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 301,922	\$ 301,922
Total funds	\$ -	\$ -	\$ 301,922	\$ 301,922

Changes in Endowment Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	\$ -	\$ -	\$ 301,922	\$ 301,922
Investment return:				
Investment income	-	-	51,006	51,006
Accumulated appreciation (realized and unrealized)	-	-	814,152	814,152
Total investment return	-	-	865,158	865,158
Appropriation of endowment assets for expenditure	-	-	(51,006)	(51,006)
Endowment net assets, End of Year	\$ -	\$ -	\$ 1,116,074	\$ 1,116,074
Less: Accumulated appreciation (realized and unrealized)	-	-	(814,152)	(814,152)
Endowment net assets, End of Year	\$ -	\$ -	\$ 301,922	\$ 301,922



**FRIENDS MEETING OF WASHINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE H - FUNCTIONAL ALLOCATION OF EXPENSES**

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

<b>Description</b>	<b>2013</b>	<b>2012</b>
Program expenses	\$ 372,691	\$ 382,946
General and administrative expenses	50,843	70,527
Fundraising expenses	13,752	14,289
<b>Total expenses</b>	<b>\$ 437,286</b>	<b>\$ 467,762</b>

**NOTE I - RETIREMENT PLAN**

FMW has a defined contribution plan that covers all full-time or part time permanent employees. Eligible employees may contribute to the plan immediately, and FMW makes a matching contribution of up to 5% of the eligible employees' salary after a one year waiting period. FMW's cost was \$1,317 and \$2,988 for years ended June 30, 2013 and 2012, respectively.

**NOTE J - SUBSEQUENT EVENTS**

In accordance with FASB ASC 855, FMW evaluated subsequent events through September 24, 2013, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**FRIENDS MEETING OF WASHINGTON  
SCHEDULES OF SHOEBOX FUND ACTIVITY**

<i>For the Years Ended June 30,</i>	<b>2013 Audited</b>	<b>2012 Reviewed</b>
	Temporarily Restricted	
<b>REVENUES AND SUPPORT</b>		
Restricted contributions	\$ 20,697	\$ 14,692
<b>RELEASES</b>		
Releases for program expenditures	(25,106)	(28,126)
<b>CHANGE IN NET ASSETS</b>	<b>(4,409)</b>	<b>(13,434)</b>
<b>NET ASSETS, BEGINGING OF YEAR</b>	<b>24,841</b>	<b>38,275</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 20,432</b>	<b>\$ 24,841</b>

*See Independent Auditors' Report and Accompanying Notes*