

**The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.**





**NATIONAL WIC ASSOCIATION**

**FINANCIAL REPORT**

**December 31, 2018 and 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
National WIC Association  
Washington, D.C.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of National WIC Association (the Association - a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses 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 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 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 audits 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.

**Emphasis-of-Matter**

As discussed in Note 1 to the financial statements, the Association has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2018 and 2017, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of direct annual conference expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana  
July 29, 2019

FINANCIAL STATEMENTS

NATIONAL WIC ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,494,464	\$ 941,515
Certificates of deposit	100,382	502,048
Prepaid expenses	72,054	63,864
Security and other deposits	2,667	2,667
Interest receivable	1,092	2,190
Accounts receivable	<u>228,003</u>	<u>338,303</u>
Total current assets	<u>1,898,662</u>	<u>1,850,587</u>
<b>DESIGNATED ASSETS</b>		
Cash and cash equivalents	167,890	142,373
Investments	<u>5,790,759</u>	<u>6,287,476</u>
Total designated assets	<u>5,958,649</u>	<u>6,429,849</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, fixtures, and equipment	283,671	283,671
Less: accumulated depreciation	<u>(262,278)</u>	<u>(235,052)</u>
Total property and equipment	<u>21,393</u>	<u>48,619</u>
Total assets	<u>\$ 7,878,704</u>	<u>\$ 8,329,055</u>

The Notes to Financial Statements are an integral part of these statements.

NATIONAL WIC ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 57,758	\$ 382,358
Current portion of capital lease obligation	10,681	10,202
Wages and payroll taxes payable	38,692	27,004
Accrued expenses	113,001	99,405
Due to grantor	-	23,081
Refundable grant advance	215,058	-
Deferred revenues - conference fees	26,426	65,716
Deferred revenues - membership dues	<u>256,354</u>	<u>264,868</u>
Total current liabilities	<u>717,970</u>	<u>872,634</u>
<b>LONG-TERM LIABILITIES</b>		
Capital lease obligation, net of current portion	5,466	16,108
Deferred compensation payable	<u>235,952</u>	<u>215,973</u>
Total long-term liabilities	<u>241,418</u>	<u>232,081</u>
Total liabilities	<u>959,388</u>	<u>1,104,715</u>
<b>NET ASSETS</b>		
<b>Without donor restrictions</b>		
Undesignated	903,555	708,712
Board designated	<u>5,958,649</u>	<u>6,429,849</u>
Total net assets without donor restrictions	6,862,204	7,138,561
<b>With donor restrictions</b>	<u>57,112</u>	<u>85,779</u>
Total net assets	<u>6,919,316</u>	<u>7,224,340</u>
Total liabilities and net assets	<u>\$ 7,878,704</u>	<u>\$ 8,329,055</u>

The Notes to Financial Statements are an integral part of these statements.



NATIONAL WIC ASSOCIATION  
STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Sales		
Calendars and related products royalties	\$ 228,003	\$ 305,347
Publications, directory and miscellaneous items	<u>8,528</u>	<u>11,453</u>
Subtotal of sales	<u>236,531</u>	<u>316,800</u>
Less cost of sales		
Calendars and related products	<u>81,221</u>	<u>72,058</u>
Total cost of sales	<u>81,221</u>	<u>72,058</u>
Gross profit on sales	<u>155,310</u>	<u>244,742</u>
Other support and revenue		
Membership dues	711,532	631,428
Conference revenue	1,218,797	829,724
Management fee	14,000	6,226
Contributions	3,004,338	2,771,364
Grants and contracts	8,325	981,653
Interest, dividends and capital gain distributions	278,686	273,034
Net realized and unrealized gain (loss) on investments, net of fees	(808,849)	491,965
Miscellaneous	<u>5,293</u>	<u>13,235</u>
Total other support and revenue	<u>4,432,122</u>	<u>5,998,629</u>
Released from restrictions	<u>128,667</u>	<u>14,221</u>
Total revenue and support without donor restrictions, net of cost of sales	<u>4,716,099</u>	<u>6,257,592</u>
Program services		
Conferences and events	1,024,503	827,725
Newsletter and publications	277,930	259,326
Lobbying	175,327	165,854
Recruitment and retention campaign	1,853,179	2,525,467
CDC Grant	-	804,430
Packard grant	<u>260,203</u>	<u>55,365</u>
Total program services	<u>3,591,142</u>	<u>4,638,167</u>
Supporting services		
Management and general	801,472	699,135
Governance	257,432	226,825
Outreach	-	90,263
Membership services and development	176,894	147,751
Fundraising	<u>165,516</u>	<u>144,901</u>
Total supporting services	<u>1,401,314</u>	<u>1,308,875</u>
Total expenses	<u>4,992,456</u>	<u>5,947,042</u>
Change in net assets without donor restrictions	<u>(276,357)</u>	<u>310,550</u>

The Notes to Financial Statements are an integral part of these statements.

NATIONAL WIC ASSOCIATION  
STATEMENTS OF ACTIVITIES (CONTINUED)  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions	100,000	100,000
Released from purpose restrictions	<u>(128,667)</u>	<u>(14,221)</u>
Change in net assets with donor restrictions	<u>(28,667)</u>	<u>85,779</u>
Change in net assets	<u>(305,024)</u>	<u>396,329</u>
Net assets, beginning of year	<u>7,224,340</u>	<u>6,828,011</u>
Net assets, end of year	<u>\$ 6,919,316</u>	<u>\$ 7,224,340</u>

The Notes to Financial Statements are an integral part of these statements.

NATIONAL WIC ASSOCIATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2018, with  
Comparative Totals for 2017

	Program Services						Supporting Services						Totals		
	Conferences and Events	Newsletter and Publications	Lobbying	Recruitment and retention campaign	Packard Grant	CDC Grant	Total	Management and General	Governance	Outreach	Membership Services and Development	Fundraising	Total	2018	2017
Accounting and legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,693	\$ -	\$ -	\$ -	\$ -	\$ 86,693	\$ 86,693	\$ 85,420
Meeting room rental	492,997	-	-	-	-	-	492,997	62,950	-	-	-	-	62,950	555,947	381,263
Consultants	106,988	-	-	-	-	-	106,988	313,505	-	-	-	-	313,505	420,493	324,924
Bank and finance charges	26,970	-	-	-	-	-	26,970	2,621	-	-	-	-	2,621	29,591	17,715
Calendar and related products cost of sales	-	81,221	-	-	-	-	81,221	-	-	-	-	-	-	81,221	72,058
Depreciation	3,968	3,726	2,437	2,274	3,616	-	16,021	2,790	3,657	-	2,458	2,300	11,205	27,226	35,837
Education	-	-	-	-	-	-	-	4,774	-	-	-	-	4,774	4,774	4,373
Equipment rent and maintenance	-	-	-	-	-	-	-	3,195	-	-	-	-	3,195	3,195	2,371
Health, life, and disability insurance	18,645	17,506	11,448	10,684	16,990	-	75,273	18,794	11,497	-	11,551	10,808	52,650	127,923	97,319
Insurance	734	689	451	421	669	-	2,964	515	676	-	455	425	2,071	5,035	5,882
Interest	-	-	-	-	-	-	-	615	-	-	-	-	615	615	1,422
Miscellaneous	-	-	-	-	-	-	-	17,901	-	-	-	-	17,901	17,901	22,134
Occupancy	24,058	22,588	14,772	13,785	21,923	-	97,126	16,917	22,168	-	14,904	13,945	67,934	165,060	172,552
Conference supplies	28,923	-	-	-	-	-	28,923	1,650	-	-	-	-	1,650	30,573	24,884
Office and computer supplies	4,417	4,147	2,712	2,531	4,025	-	17,832	3,105	4,070	-	2,736	2,560	12,471	30,303	35,350
Payroll taxes and benefits	13,444	12,623	8,255	7,704	12,252	-	54,278	9,453	12,388	-	8,329	7,793	37,963	92,241	88,747
Postage and delivery	11,536	-	-	-	-	-	11,536	7,412	-	-	-	-	7,412	18,948	15,793
Printing and duplicating	25,409	9,831	-	-	-	-	35,240	-	-	-	-	-	-	35,240	17,156
Recruitment and retention campaign	-	-	-	1,689,560	-	-	1,689,560	-	-	-	-	-	-	1,689,560	2,402,182
Salaries, wages, and bonuses	205,628	193,068	126,259	117,827	187,381	-	830,163	144,592	189,480	-	127,387	119,195	580,654	1,410,817	1,275,300
Contracted program services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	678,869
Subscriptions and dues	-	-	-	-	-	-	-	6,803	-	-	-	-	6,803	6,803	7,428
Telephone	14,647	13,752	8,993	8,393	13,347	-	59,132	10,298	13,496	-	9,074	8,490	41,358	100,490	105,105
Travel	46,139	-	-	-	-	-	46,139	86,889	-	-	-	-	86,889	133,028	145,016
Total expenses by function	1,024,503	359,151	175,327	1,853,179	260,203	-	3,672,363	801,472	257,432	-	176,894	165,516	1,401,314	5,073,677	
Less expenses included with revenues on the statement of activities															
Calendar and related products cost of sales	-	(81,221)	-	-	-	-	(81,221)	-	-	-	-	-	-	(81,221)	(72,058)
Total expenses included in the expense section on the statement of activities	\$ 1,024,503	\$ 277,930	\$ 175,327	\$ 1,853,179	\$ 260,203	\$ -	\$ 3,591,142	\$ 801,472	\$ 257,432	\$ -	\$ 176,894	\$ 165,516	\$ 1,401,314	\$ 4,992,456	
Total expenses year ended December 31, 2017	\$ 827,725	\$ 259,326	\$ 165,854	\$ 2,525,467	\$ 55,365	\$ 804,430	\$ 4,638,167	\$ 699,135	\$ 226,825	\$ 90,263	\$ 147,751	\$ 144,901	\$ 1,308,875		\$ 5,947,042

The Notes to Financial Statements are an integral part of these statements.

NATIONAL WIC ASSOCIATION  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (305,024)	\$ 396,329
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	27,226	35,837
Net realized and unrealized (gain) loss on investments	764,059	(534,290)
Changes in operating assets and liabilities:		
Prepaid expenses and deposits	(8,190)	(20,230)
Interest receivable	1,098	(1,001)
Accounts receivable	110,300	112,202
Payables and accrued expenses	(302,418)	312,641
Refundable grant advance	215,058	-
Deferred revenue	(47,804)	30,851
Net cash flows from operating activities	<u>454,305</u>	<u>332,339</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	(200,000)	(300,743)
Maturity of certificates of deposits	601,666	600,000
Purchase of marketable securities	(1,907,954)	(1,116,561)
Proceeds from sale of marketable securities	<u>1,640,612</u>	<u>825,028</u>
Net cash flows from investing activities	<u>134,324</u>	<u>7,724</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease	<u>(10,163)</u>	<u>(9,708)</u>
Net cash flows from financing activities	<u>(10,163)</u>	<u>(9,708)</u>
Net change in cash and cash equivalents	578,466	330,355
Cash and cash equivalents, beginning of year	<u>1,083,888</u>	<u>753,533</u>
Cash and cash equivalents, end of year	<u>\$ 1,662,354</u>	<u>\$ 1,083,888</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest expense	<u>\$ 615</u>	<u>\$ 1,422</u>
Cash and cash equivalents above are reported on the statements of financial position as follows:		
Current	\$ 1,494,464	\$ 941,515
Designated	<u>167,890</u>	<u>142,373</u>
	<u>\$ 1,662,354</u>	<u>\$ 1,083,888</u>

The Notes to Financial Statements are an integral part of these statements.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES**

**Organizational Purpose**

The National WIC Association (the Association) was incorporated in the District of Columbia on July 8, 1985. The purpose of the Association is to link state and local directors of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and others in a national association to act collectively on behalf of the program.

The Association receives membership fees as a significant portion of its revenue. Other major sources of revenue include the sale of calendars and other publications that utilize a WIC theme, grants, and various conferences for its members and other interested parties throughout the year. In October 2014, the Association received a 3-year award from the Department of Health and Human Services – Centers for Disease Control of approximately \$7.5 million for a Community Partnership for Healthy Mothers and Children in cooperation with its eligible agencies. The grant ended in December, 2017.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit-Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU No. 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which had no effect on the total change in net assets or total net assets previously reported.

**Use of Estimates**

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association defines cash and cash equivalents as checking, money market accounts, and all certificates of deposit with an original maturity of three months or less. The Association's accounts are insured by the FDIC. From time to time, certain bank accounts that are subject to limited FDIC coverage exceed their insured limits. At December 31, 2018 and 2017 there was \$1,473,911 and \$853,545 in financial institutions in excess of federally insured amounts, respectively. Designated cash is cash and cash equivalents held by investment managers where the board has designated its use.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Investment Securities**

Marketable equity and debt securities are carried at fair value. Interest and dividends are reported as increases in net assets without donor restrictions. Unless gains and losses on donor-restricted investments are specifically restricted by the donor, they are reported as increases or decreases in net assets without donor restrictions.

**Accounts Receivable**

Accounts receivable are comprised of calendar sales and conference registrations. Management believes these are fully collectible and as such, no allowance for doubtful accounts has been included. At December 31, 2018 and 2017, all accounts were current.

**Property, Equipment and Depreciation**

Property and equipment is valued at cost at the time of purchase or estimated fair value at the date of donation, if received as support. Depreciation expense is computed using the straight-line method over the following estimated useful lives:

Furniture, fixtures, and equipment	5–7 years
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The Association capitalizes all fixed assets with an economic benefit longer than one year and cost over \$1,500. All other items are expensed in the year purchased.

**Board Designated Net Assets**

The Board has designated certain amounts deposited in investment accounts and the income earned on those investments for future operating expenses.

**Contributions of Long-Lived Assets**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. If restricted, these assets are depreciated in the same manner as other property and equipment and are shown as released from restriction when placed in service.

**Revenue and Support**

Support is recognized depending on the existence and/or nature of any donor restrictions. Support received that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires or the restrictions are met in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Support (Continued)**

Net assets with restrictions at December 31, 2018 and 2017 consist of contributions restricted for activity under the Packard Foundation grant award. During the year ended December 31, 2018 and 2017, net assets with donor restrictions in the amount of \$128,667 and \$14,221, respectively, were released upon compliance with donor restrictions.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. The Association pays for services requiring specific expertise.

**Functional Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, occupancy, office and computer supplies, payroll taxes and benefits, wages, and telephone, which are allocated on the basis of estimates of time and effort.

**Income Taxes**

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Reclassifications**

Certain reclassifications have been made to the 2017 financial statements in order for them to be in conformity with the 2018 presentation. These reclassifications have no effect on the previously reported change in net assets or total net assets.

**Subsequent Events**

Management has evaluated subsequent events through July 29, 2019, the date which the financial statements were available for issue.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 2. INVESTMENTS**

The Association has determined the fair value of its financial instruments through the application of GAAP, which requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Association's policy for determining the timing of significant transfers between the levels is at the end of the reporting period. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held at year end. The NAV is quoted in an active market.



NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 2. INVESTMENTS (CONTINUED)**

Investment securities at December 31, 2018 and 2017, consist of the following assets, all of which are held by third-party money managers.

Investments	2018		2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Level 1 inputs				
Mutual funds:				
World bond funds	\$ 804,755	\$ 665,444	\$ 700,308	\$ 649,119
World allocation funds	485,047	421,457	-	-
Foreign large growth	599,473	493,772	-	-
Mid-cap growth funds	203,576	197,511	196,761	197,939
Mid-cap blend funds	384,722	388,676	501,327	574,912
Large blend funds	369,845	387,846	1,375,441	1,505,597
Large growth funds	352,004	325,415	539,089	607,220
Int'l small/mid-cap value funds	276,200	285,349	233,231	277,180
Mid-cap value funds	764,781	696,738	600,818	649,416
Exchange traded funds	404,405	438,945	402,389	459,357
Short-term bond funds	234,708	230,522	229,506	227,414
Intermediate-term bond funds	537,233	515,510	515,318	502,504
Total mutual funds	<u>5,416,749</u>	<u>5,047,185</u>	<u>5,294,188</u>	<u>5,650,658</u>
Common stock:				
Basic materials	10,543	8,576	43,396	39,334
Consumer goods	110,668	115,654	86,091	105,300
Financial	165,992	190,785	119,091	156,370
Healthcare	9,135	11,036	7,481	8,133
Industrial goods	105,091	98,370	50,275	59,242
Real estate	21,908	20,277	-	-
Services	65,246	63,807	57,038	73,950
Retail	73,188	93,384	84,594	90,225
Technology	157,717	141,685	86,937	104,264
Total common stock	<u>719,488</u>	<u>743,574</u>	<u>534,903</u>	<u>636,818</u>
Total Level 1 inputs	<u>6,136,237</u>	<u>5,790,759</u>	<u>5,829,091</u>	<u>6,287,476</u>
Total investments	<u>\$ 6,136,237</u>	<u>\$ 5,790,759</u>	<u>\$ 5,829,091</u>	<u>\$ 6,287,476</u>

Investment return for the years ended December 31, 2018 and 2017 consists of the following:

	2018	2017
Dividend and interest income	\$ 278,686	\$ 273,034
Net realized and unrealized gain (loss)	(764,059)	534,290
Investment fees	(44,790)	(42,325)
	<u>\$ 530,163</u>	<u>\$ 764,999</u>

NATIONAL WIC ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2018 and 2017

**NOTE 2. INVESTMENTS (CONTINUED)**

The Association does not have any investments in an other-than-temporarily impaired position at December 31, 2018 and 2017. The Association has the ability and intent to hold the investments in a temporary loss position for a reasonable period of time sufficient for a forecasted recovery of fair value.

**NOTE 3. CAPITAL LEASE OBLIGATION**

	<u>2018</u>	<u>2017</u>
RICOH Business Systems; Payable in monthly installments of \$930, including interest at 4.595%, through June 2020, secured by copier	\$ 16,147	\$ 26,310
Less: current maturities	10,681	10,202
Long term maturity	\$ 5,466	\$ 16,108

The cost of the capital lease equipment was \$49,770 as of December 31, 2018 and 2017. Accumulated depreciation on equipment under capital lease totaled \$33,593 and \$23,995 as of December 31, 2018 and 2017, respectively.

The following is a schedule of future minimum lease payments on the capital lease obligation as of December 31, 2018:

2019	\$ 11,160
2020	5,519
Less amount representing interest	(532)
Net minimum lease payment	\$ 16,147

**NOTE 4. COMMITMENTS**

The Association leases office space under an operating lease. Basic monthly lease expense of \$5,786, effective August 1, 2013, was required, with a 3% increase each August 1 through July 31, 2015, when the lease expired. The lease was renewed for the period August 1, 2015 through July 31, 2020. Basic monthly lease expense effective August 1, 2015, was \$9,356, with a 3% increase each August thereafter. Rent expense was \$121,198 and \$117,668 for the years ended December 31, 2018 and 2017, respectively.

The following is a schedule of future minimum lease payments as of December 31, 2018 under the revised lease:

2019	\$ 124,834
2020	73,715
Total	\$ 198,549

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 5. EMPLOYEE BENEFITS**

**403(b) Defined Contribution**

The Association sponsors a 403(b) defined contribution plan for its employees. The Association does not contribute to the plan. The Association paid the plan expense for the years ended December 31, 2018 and 2017 of \$2,804 and \$4,210, respectively. There are no other eligibility requirements or limitations for salary deferrals other than those imposed by IRC 403(b).

**Deferred Compensation**

The Association has a 457(b) deferred compensation plan for certain members of management. The Association contributes an amount equal to ten percent of the participant compensation for the plan year, not to exceed the IRS maximum annual contribution plus any catch-up provision. The deferred compensation accounts are shown as both assets and liabilities on the Association's financial statements and are available to creditors in the event of the Association's liquidation. The investments are kept in a separate brokerage account.

Deferred compensation amounts as of and for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Designated investments	<u>\$ 235,952</u>	<u>\$ 215,973</u>
Deferred compensation payable	<u>\$ 235,952</u>	<u>\$ 215,973</u>
Deferred compensation expense	<u>\$ 49,000</u>	<u>\$ 48,000</u>

**NOTE 6. LIQUIDITY AND AVAILABILITY**

The Association is supported primarily by member dues and other program revenues. As part of the Association's liquidity management, it structures its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Association has \$5,790,759 in investments and \$100,382 in certificates of deposit that may be liquidated in the event of an immediate cash need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2018 and 2017

**NOTE 6. LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following reflects the Association's assets as of the statement of financial position date, reduced by amounts not available for general expenses due to the nature of the asset or because of donor-imposed restrictions within one year of the statement of financial position date:

Total assets	\$ 7,878,704
Less:	
Prepaid expenses	(72,054)
Security and other deposits	(2,667)
Cash designated for deferred compensation	(167,890)
Property and equipment, net	(21,393)
Cash advanced for RWJ Foundation grant	(215,058)
Purpose-restricted cash and cash equivalents (Packard grants)	<u>(57,112)</u>
Available financial assets	<u>\$ 7,342,530</u>

SUPPLEMENTARY INFORMATION

NATIONAL WIC ASSOCIATION  
SCHEDULE OF DIRECT ANNUAL CONFERENCE EXPENSES  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Bank and finance charges	\$ 12,416	\$ 8,653
Consultants	68,202	46,772
Meeting room rental	246,501	199,421
Miscellaneous	7,778	5,396
Postage and delivery	5,633	4,113
Printing and duplicating	9,187	5,199
Supplies	13,406	6,792
Travel	<u>20,500</u>	<u>15,668</u>
	<u>\$ 383,623</u>	<u>\$ 292,014</u>

See Independent Auditor's Report



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