



**NATIONAL WIC ASSOCIATION**

**FINANCIAL REPORT**

**December 31, 2014 and 2013**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the National WIC Association (the Association – a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related 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 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.

### 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, 2014 and 2013, 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.

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

Helena, Montana  
September 25, 2015

FINANCIAL STATEMENTS

NATIONAL WIC ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 353,060	\$ 417,518
Certificates of deposit	1,101,534	1,201,395
Prepaid expenses	46,854	26,884
Security and other deposits	2,667	2,667
Interest receivable	1,750	2,326
Accounts receivable	<u>314,544</u>	<u>243,148</u>
Total current assets	<u>1,820,409</u>	<u>1,893,938</u>
DESIGNATED ASSETS		
Cash and cash equivalents	92,827	1,324
Investments	<u>5,079,454</u>	<u>4,931,986</u>
	<u>5,172,281</u>	<u>4,933,310</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	259,901	218,387
Less: accumulated depreciation	<u>(144,620)</u>	<u>(106,928)</u>
	<u>115,281</u>	<u>111,459</u>
Total assets	<u>\$ 7,107,971</u>	<u>\$ 6,938,707</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,757	\$ 34,383
Current portion of capital lease obligation	3,810	6,637
Wages and payroll taxes payable	43,995	20,134
Accrued expenses	65,774	64,947
Deferred revenues - conference fees	42,425	32,180
Deferred revenues - membership dues	<u>38,686</u>	<u>37,046</u>
Total current liabilities	<u>236,447</u>	<u>195,327</u>
LONG-TERM LIABILITIES		
Capital lease obligation, net of current portion	-	3,810
Deferred compensation payable	<u>51,014</u>	<u>25,507</u>
Total long-term liabilities	<u>51,014</u>	<u>29,317</u>
Total liabilities	<u>287,461</u>	<u>224,644</u>
NET ASSETS		
Unrestricted		
Undesignated	1,648,229	1,780,753
Designated	<u>5,172,281</u>	<u>4,933,310</u>
Total unrestricted net assets	<u>6,820,510</u>	<u>6,714,063</u>
Total liabilities and net assets	<u>\$ 7,107,971</u>	<u>\$ 6,938,707</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Sales		
Calendar and related product royalties	\$ 399,878	\$ 315,571
Publications, directory and miscellaneous items	<u>78,641</u>	<u>62,051</u>
Net sales	<u>478,519</u>	<u>377,622</u>
Cost of sales		
Calendars and related products	70,973	64,325
Publications, directory and miscellaneous items	<u>20,000</u>	<u>23,035</u>
Total cost of sales	<u>90,973</u>	<u>87,360</u>
Gross profit on sales	<u>387,546</u>	<u>290,262</u>
Other support and revenue		
Membership dues	692,376	707,054
Conference revenue	879,993	783,878
Management fee	13,425	20,266
Contributions	250	2,000
Special event - 40th anniversary	50,147	-
Grants and contracts	94,920	-
Interest, dividends and capital gain distributions	366,245	235,945
Net realized and unrealized gain (loss) on investments, net of fees	(235,803)	354,555
Miscellaneous	969	756
Loss on disposal of assets	-	(2,256)
Total other support and revenue	<u>1,862,522</u>	<u>2,102,198</u>
Total unrestricted revenue and support, net of cost of sales	<u>2,250,068</u>	<u>2,392,460</u>
Program services expense		
Conferences and events	730,274	660,367
Newsletter and publications	203,478	214,011
Lobbying	151,265	159,786
CDC Grant	20,721	-
Supporting services expense:		
Management and general	490,960	302,486
Outreach	114,570	52,654
Governance	146,660	146,906
Membership services and development	137,882	138,357
Fundraising	<u>147,811</u>	<u>123,883</u>
Total expenses	<u>2,143,621</u>	<u>1,798,450</u>
Change in unrestricted net assets	106,447	594,010
Net assets, beginning of year	<u>6,714,063</u>	<u>6,120,053</u>
Net assets, end of year	<u>\$ 6,820,510</u>	<u>\$ 6,714,063</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 106,447	\$ 594,010
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	37,693	31,411
Net realized and unrealized (gain) loss on investments	204,705	(384,978)
Loss on disposal of assets	-	2,256
Changes in operating assets and liabilities:		
Prepaid expenses and deposits	(19,970)	10,844
Interest receivable	576	(166)
Accounts receivable	(71,396)	22,986
Payables and accrued expense	57,568	(56,198)
Deferred membership revenue	<u>11,885</u>	<u>40,711</u>
Net cash flows from operating activities	<u>327,508</u>	<u>260,876</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(41,514)	(89,684)
Purchase of certificates of deposit	(1,100,139)	(1,199,263)
Maturity of certificates of deposits	1,200,000	1,145,000
Purchase of marketable securities	(1,650,698)	(1,237,185)
Proceeds from sale of marketable securities	<u>1,298,525</u>	<u>697,470</u>
Net cash flows from investing activities	<u>(293,826)</u>	<u>(683,662)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease	<u>(6,637)</u>	<u>(5,514)</u>
Net cash flows from financing activities	<u>(6,637)</u>	<u>(5,514)</u>
Net change in cash and cash equivalents	27,045	(428,300)
Cash and cash equivalents, beginning of year	<u>418,842</u>	<u>847,142</u>
Cash and cash equivalents, end of year	<u>\$ 445,887</u>	<u>\$ 418,842</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest expense	<u>\$ 1,513</u>	<u>\$ 2,547</u>
Cash and cash equivalents above are reported on the statements of financial position as follows:		
Current	\$ 353,060	\$ 417,518
Designated	<u>92,827</u>	<u>1,324</u>
	<u>\$ 445,887</u>	<u>\$ 418,842</u>

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

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2014 and 2013

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

**Functional Expenses**

The cost of providing various programs and supporting services have been reported on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates made by management.

**Income Taxes**

With few exceptions, the Association is no longer subject to examination by federal tax authorities for years before 2011.

**Reclassifications**

Certain reclassifications have been made the December 31, 2013 financial statements to conform to the December 31, 2014 presentation. Such reclassifications have had no effect on previously reported net assets or changes in net assets.

**Subsequent Events**

Management has evaluated subsequent events through September 25, 2015, the date which the financial statements were available for issue.

**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 levels 1 and 2 is at the end of the reporting period.



NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2014 and 2013

**NOTE 2. INVESTMENTS (CONTINUED)**

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, 2014 and 2013.

*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.

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

Investment securities at December 31, 2014 and 2013, consist of the following assets, all of which are held by third-party money managers.

Investments	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Level 1 Inputs				
Mutual Funds:				
Mutual funds - world bond funds	\$ 670,675	\$ 588,211	\$ 730,679	\$ 683,378
Mutual funds - mid-cap growth funds	98,428	102,916	84,046	90,854
Mutual funds - mid-cap blend funds	411,089	464,266	579,436	705,818
Mutual funds - large blend funds	1,548,058	1,701,950	1,329,120	1,586,441
Mutual funds - large value funds	-	-	165,516	167,377
Mutual funds - large growth funds	467,035	489,423	643,636	743,902
Mutual funds - int'l small/mid-cap value funds	35,801	182,427	-	-
Mutual funds - mid-cap value funds	395,444	372,057	-	-
Mutual funds - short-term bond funds	218,039	218,754	308,325	308,779
Mutual funds - intermediate-term bond funds	<u>623,761</u>	<u>614,504</u>	<u>658,246</u>	<u>645,437</u>
Total mutual funds	<u>4,468,330</u>	<u>4,734,508</u>	<u>4,499,004</u>	<u>4,931,986</u>
Equities:				
Basic materials	44,075	43,683	-	-
Consumer goods	64,768	64,618	-	-
Financial	58,188	58,431	-	-
Healthcare	47,830	48,465	-	-
Industrial goods	27,949	27,997	-	-
Services	25,484	25,801	-	-
Technology	<u>76,460</u>	<u>75,951</u>	-	-
Total equities	<u>344,754</u>	<u>344,946</u>	-	-
Total Level 1 Inputs	<u>4,813,084</u>	<u>5,079,454</u>	<u>4,499,004</u>	<u>4,931,986</u>
Total Investments	<u>\$ 4,813,084</u>	<u>\$ 5,079,454</u>	<u>\$ 4,499,004</u>	<u>\$ 4,931,986</u>

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2014 and 2013

**NOTE 2. INVESTMENTS (CONTINUED)**

Investment income for the years ended December 31, 2014 and 2013 consists of the following:

<u>2014:</u>		
Dividend and interest income	\$	366,245
Net realized and unrealized gains		(204,705)
Investment fees		<u>(31,098)</u>
	\$	<u>130,442</u>
<u>2013:</u>		
Dividend and interest income	\$	235,945
Net realized and unrealized gains		384,978
Investment fees		<u>(30,423)</u>
	\$	<u>590,500</u>

Investments with an unrealized loss position at December 31, 2014 and 2013, respectively, follow:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
<u>2014:</u>						
Description of securities:						
Stocks	\$ 454,555	\$ (7,333)	\$ 636,097	\$ (58,684)	\$ 1,090,652	\$ (66,017)
Bonds	<u>163,184</u>	<u>(8,695)</u>	<u>707,641</u>	<u>(80,852)</u>	<u>870,825</u>	<u>(89,547)</u>
	<u>\$ 617,739</u>	<u>\$ (16,028)</u>	<u>\$ 1,343,738</u>	<u>\$ (139,536)</u>	<u>\$ 1,961,477</u>	<u>\$ (155,564)</u>
<u>2013:</u>						
Description of securities:						
Stocks	\$ 133,160	\$ (528)	\$ 646,843	\$ (6,692)	\$ 240,920	\$ (7,220)
Bonds	<u>641,796</u>	<u>(16,748)</u>	<u>107,760</u>	<u>(45,480)</u>	<u>1,288,639</u>	<u>(62,228)</u>
	<u>\$ 774,956</u>	<u>\$ (17,276)</u>	<u>\$ 754,603</u>	<u>\$ (52,172)</u>	<u>\$ 1,529,559</u>	<u>\$ (69,448)</u>

The table above shows the investment's gross unrealized losses and fair values, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position. A total of fourteen and eleven securities are in an unrealized loss position as of December 31, 2014 and 2013, respectively, based upon the total purchase transactions within each individual fund. Based on the Association's ability and intent to hold the investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Association does not consider these investments to be other-than-temporarily impaired at December 31, 2014.

Changes in investment returns and fair values can have a significant effect on the financial statements. Subsequent to December 31, 2014, U.S. and world markets have continued to experience significant volatility and decline. The Association's investment portfolio has experienced unrealized losses through the report date. Management is monitoring investment conditions and the impact such declines are having on the investment portfolio.

NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2014 and 2013

**NOTE 3. CAPITAL LEASE OBLIGATION**

	<u>2014</u>	<u>2013</u>
IKON Business Systems; Payable in monthly installments of \$670, including interest at 18.69%, through June 2015, secured by Canon copier	\$ 3,810	\$ 10,447
Less: current maturities	<u>3,810</u>	<u>6,637</u>
Long term maturity	<u>\$ -</u>	<u>\$ 3,810</u>

The cost of the capital lease equipment was \$26,000 as of each year ended December 31, 2014 and 2013. Accumulated depreciation on equipment under capital lease totaled \$23,833 and \$18,633 as of December 31, 2014 and 2013, respectively.

The following is a schedule of future minimum lease payments on the capital lease obligation as of December 31, 2014:

2015	\$ 4,020
Less amount representing interest	<u>210</u>
Net minimum lease payment	<u>\$ 3,810</u>

**NOTE 4. COMMITMENTS**

The Association leases office space under an operating lease. Basic monthly lease expense, effective August 1, 2013, of \$5,786 will be required, with a 3% increase each August 1 through July 31, 2015, when the lease will expire. Rent expense was \$79,903 and \$77,156 for the years ended December 31, 2014 and 2013, respectively.

The following is a schedule of future minimum lease payments as of December 31, 2014 under the revised lease:

2015	\$ <u>41,719</u>
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NATIONAL WIC ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2014 and 2013

**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's paid the plan expense for the years ended December 31, 2014 and 2013 of \$4,781 and \$6,046, 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 balance of the deferred compensation arrangement, including earnings, was \$25,507 and \$51,014 as of December 31, 2014 and 2013, respectively. Deferred compensation expense was \$23,000 for the years ended December 31, 2014 and 2013.



ACCOMPANYING INFORMATION



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INDEPENDENT AUDITOR'S REPORT  
ON THE ACCOMPANYING INFORMATION

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

We have audited the financial statements of National WIC Association (the Association – a nonprofit organization) as of and for the years December 31, 2014 and 2013, and our report thereon dated September 25, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion the financial statements as a whole. The accompanying information on pages 13 and 14, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express opinion on it or provide any assurance on it.

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

Helena, Montana  
September 25, 2015

**NATIONAL WIC ASSOCIATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2014, with  
Comparative Totals for 2013

	Program Services					Supporting Services					Totals		
	Conferences and Events	Publications	Lobbying	CDC Grant	Total	Management and General	Governance	Outreach	Membership Services and Development	Fundraising	Total	2014	2013
Accounting and legal	-	-	-	-	-	69,684	-	-	-	-	69,684	69,684	56,220
Meeting room rental	298,298	-	-	-	298,298	81,208	-	-	-	-	81,208	379,506	292,897
Consultants	157,342	-	-	417	157,759	95,110	-	-	-	-	95,110	252,869	151,678
Bank and finance charges	14,628	-	-	-	14,628	3,724	-	-	-	-	3,724	18,352	15,053
Depreciation	5,735	5,907	4,756	-	16,398	6,062	4,612	1,637	4,336	4,648	21,295	57,693	31,411
Education	-	-	-	-	-	750	-	-	-	-	750	750	2,639
Equipment rent and maintenance	-	-	-	-	-	3,066	-	-	-	-	3,066	3,066	1,857
Health, life, and disability insurance	10,814	11,138	8,969	-	30,921	11,432	8,696	3,087	8,175	8,764	40,154	71,075	64,647
Insurance	1,205	1,241	999	-	3,445	1,274	969	344	911	977	7,920	7,607	7,607
Interest	-	-	-	-	-	1,513	-	-	-	-	1,513	1,513	2,547
Miscellaneous	-	-	-	-	-	7,759	-	-	-	-	7,759	7,759	4,502
Occupancy	18,139	18,682	15,044	-	51,865	19,177	14,586	5,179	13,713	14,701	67,356	119,221	118,565
Conference supplies	26,820	-	-	-	26,820	-	-	-	-	-	-	26,820	17,602
Office and computer supplies	2,870	2,956	2,281	4,562	12,769	3,407	2,308	820	2,170	2,326	11,031	23,800	19,405
Payroll taxes and benefits	7,781	8,014	6,453	980	23,228	7,246	6,257	2,221	5,882	6,306	27,912	51,140	52,055
Postage and delivery	11,961	-	-	-	11,961	11,353	-	-	-	-	11,353	23,314	13,278
Printing and duplicating	8,477	15,636	-	195	24,308	-	-	-	-	-	-	24,308	32,597
Salaries, wages, and bonuses	123,860	127,566	102,727	13,985	368,138	116,952	99,599	35,362	93,638	100,380	445,931	814,069	756,910
Subaward contract	-	-	-	-	-	-	-	62,500	-	-	62,500	62,500	-
Subscriptions and dues	-	-	-	-	-	7,041	-	-	-	-	7,041	7,041	6,442
Telephone	11,980	12,338	9,936	-	34,254	12,665	9,633	3,420	9,057	9,709	44,484	78,738	89,087
Travel	30,364	-	-	582	30,946	31,537	-	-	-	-	31,537	62,483	61,441
Total expenses	\$ 730,274	\$ 203,478	\$ 151,265	\$ 20,221	\$ 1,105,238	\$ 490,960	\$ 146,660	\$ 114,570	\$ 137,882	\$ 147,811	\$ 1,032,883	\$ 2,143,621	
Total expenses year ended December 31, 2013	\$ 660,367	\$ 214,011	\$ 159,786	\$ -	\$ 1,034,164	\$ 302,486	\$ 146,906	\$ 52,654	\$ 138,357	\$ 123,883	\$ 764,286		\$ 1,798,450

See Independent Auditor's Report on the Accompanying Information.

NATIONAL WIC ASSOCIATION  
SCHEDULE OF DIRECT ANNUAL CONFERENCE EXPENSES  
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Meeting room rental	\$ 133,905	\$ 157,933
Consultants	60,317	59,800
Bank and finance charges	7,877	7,200
Miscellaneous	746	1,810
Postage & delivery	1,614	3,743
Printing & duplicating	8,477	7,347
Supplies	12,176	10,722
Travel	<u>19,371</u>	<u>20,746</u>
	<u>\$ 244,483</u>	<u>\$ 269,301</u>

See Independent Auditor's Report on the Accompanying Information.





ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS  
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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To the Executive Committee of the Board of Directors  
National WIC Association  
2001 S Street NW, Suite 580  
Washington, D.C.

We have audited the financial statements of National WIC Association (the Association) for the year ended December 31, 2014, and have issued our report thereon dated September 25, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the valuation of accounts receivable as being fully collectible, therefore no allowance account was deemed necessary. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure regarding investments in Note 2 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 25, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

This information is intended solely for the use of the Board of Directors and management of National WIC Association and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Helena, Montana  
September 25, 2015