

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, 2017 and 2016



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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, 2017 and 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2017 and 2016, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and direct annual conference expenses on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 16, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is also 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.


Helena, Montana
December 17, 2018

FINANCIAL STATEMENTS

NATIONAL WIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 941,515	\$ 656,902
Certificates of deposit	502,048	801,305
Prepaid expenses	63,864	43,634
Security and other deposits	2,667	2,667
Interest receivable	2,190	1,189
Accounts receivable	<u>338,303</u>	<u>450,505</u>
Total current assets	<u>1,850,587</u>	<u>1,956,202</u>
DESIGNATED ASSETS		
Cash and cash equivalents	142,373	96,631
Investments	<u>6,287,476</u>	<u>5,461,653</u>
Total designated assets	<u>6,429,849</u>	<u>5,558,284</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	283,671	283,671
Less: accumulated depreciation	<u>(235,052)</u>	<u>(199,215)</u>
Total property and equipment	<u>48,619</u>	<u>84,456</u>
Total assets	<u>\$ 8,329,055</u>	<u>\$ 7,598,942</u>

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

NATIONAL WIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 382,358	\$ 186,050
Current portion of capital lease obligation	10,202	9,745
Wages and payroll taxes payable	27,004	20,447
Accrued expenses	99,405	82,874
Due to grantor	23,081	-
Deferred revenues - conference fees	65,716	19,398
Deferred revenues - membership dues	<u>264,868</u>	<u>280,335</u>
Total current liabilities	<u>872,634</u>	<u>598,849</u>
LONG-TERM LIABILITIES		
Capital lease obligation, net of current portion	16,108	26,273
Deferred compensation payable	<u>215,973</u>	<u>145,809</u>
Total long-term liabilities	<u>232,081</u>	<u>172,082</u>
Total liabilities	<u>1,104,715</u>	<u>770,931</u>
NET ASSETS		
Unrestricted		
Undesignated	708,712	1,269,727
Designated	<u>6,429,849</u>	<u>5,558,284</u>
Total unrestricted net assets	7,138,561	6,828,011
Temporarily restricted net assets	<u>85,779</u>	-
Total net assets	<u>7,224,340</u>	<u>6,828,011</u>
Total liabilities and net assets	<u>\$ 8,329,055</u>	<u>\$ 7,598,942</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
Sales		
Calendars and related products royalties	\$ 305,347	\$ 409,403
Publications, directory and miscellaneous items	<u>11,453</u>	<u>59,198</u>
Net sales	<u>316,800</u>	<u>468,601</u>
Cost of sales		
Calendars and related products	72,058	77,660
Publications, directory and miscellaneous items	<u>-</u>	<u>1,000</u>
Total cost of sales	<u>72,058</u>	<u>78,660</u>
Gross profit on sales	<u>244,742</u>	<u>389,941</u>
Other support and revenue		
Membership dues	631,428	664,091
Conference revenue	829,724	1,206,182
Management fee	6,226	111,979
Contributions	2,771,364	1,202,113
Special event	-	2,675
Grants and contracts	981,653	3,704,694
Interest, dividends and capital gain distributions	273,034	173,797
Net realized and unrealized gain on investments, net of fees	491,965	217,742
Miscellaneous	<u>13,235</u>	<u>21,651</u>
Total other support and revenue	<u>5,998,629</u>	<u>7,304,924</u>
Released from restrictions	<u>14,221</u>	<u>-</u>
Total unrestricted revenue and support, net of cost of sales	<u>6,257,592</u>	<u>7,694,865</u>
Program services		
Conferences and events	827,725	867,222
Newsletter and publications	259,326	192,742
Lobbying	165,854	197,696
Recruitment and retention campaign	2,525,467	1,030,701
CDC Grant	804,430	3,696,130
Packard grant	<u>55,365</u>	<u>-</u>
Total program services	<u>4,638,167</u>	<u>5,984,491</u>
Supporting services		
Management and general	699,135	569,778
Governance	226,825	166,060
Outreach	90,263	174,957
Membership services and development	147,751	132,792
Fundraising	<u>144,901</u>	<u>159,281</u>
Total supporting services	<u>1,308,875</u>	<u>1,202,868</u>
Total expenses	<u>5,947,042</u>	<u>7,187,359</u>
Change in unrestricted net assets	<u>310,550</u>	<u>507,506</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and contributions	100,000	-
Released from restrictions	<u>(14,221)</u>	<u>-</u>
	<u>85,779</u>	<u>-</u>
Change in net assets	<u>396,329</u>	<u>507,506</u>
Net assets, beginning of year	<u>6,828,011</u>	<u>6,320,505</u>
Net assets, end of year	<u>\$ 7,224,340</u>	<u>\$ 6,828,011</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 396,329	\$ 507,506
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	35,837	37,485
Net realized and unrealized gain on investments	(534,290)	(253,509)
Changes in operating assets and liabilities:		
Prepaid expenses and deposits	(20,230)	9,612
Interest receivable	(1,001)	738
Accounts receivable	112,202	(179,232)
Payables and accrued expenses	312,641	208,962
Deferred revenue	<u>30,851</u>	<u>206,888</u>
Net cash flows from operating activities	<u>332,339</u>	<u>538,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(300,743)	(299,805)
Maturity of certificates of deposits	600,000	300,000
Purchase of marketable securities	(1,116,561)	(1,324,255)
Proceeds from sale of marketable securities	<u>825,028</u>	<u>1,080,431</u>
Net cash flows from investing activities	<u>7,724</u>	<u>(243,629)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease	<u>(9,708)</u>	<u>(9,273)</u>
Net cash flows from financing activities	<u>(9,708)</u>	<u>(9,273)</u>
Net change in cash and cash equivalents	330,355	285,548
Cash and cash equivalents, beginning of year	<u>753,533</u>	<u>467,985</u>
Cash and cash equivalents, end of year	<u>\$ 1,083,888</u>	<u>\$ 753,533</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest expense	<u>\$ 1,422</u>	<u>\$ 1,914</u>
Cash and cash equivalents above are reported on the statements of financial position as follows:		
Current	\$ 941,515	\$ 656,902
Designated	<u>142,373</u>	<u>96,631</u>
	<u>\$ 1,083,888</u>	<u>\$ 753,533</u>

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

NATIONAL WIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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, and various conferences for its members and other interested parties throughout the year. Beginning 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. If funding for the WIC program was significantly reduced or eliminated by the U.S. Congress, the impact to the Association would be significant.

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.

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, 2017 and 2016 there was \$124,919 and \$263,933 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.

Investment Securities

Marketable equity and debt securities are carried at fair value. Interest and dividends are reported as increases in unrestricted net assets. Unless gains and losses on donor-restricted investments are specifically restricted by the donor, they are reported as increases or decreases in unrestricted net assets.

NATIONAL WIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016, 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 Unrestricted 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 the amount of depreciation shown as a release from restriction.

Restricted and Unrestricted Revenue and Support

Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily restricted net assets at December 31, 2017 consist of contributions restricted for activity under the Packard Foundation grant award. During the year ended December 31, 2017, temporarily restricted net assets in the amount of \$14,221 were released upon compliance with donor restriction. There are no temporarily restricted net assets at December 31, 2016, and no permanently restricted net assets at December 31, 2017 and 2016.

NATIONAL WIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 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

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

Subsequent Events

Management has evaluated subsequent events through December 17, 2018, 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 the levels is at the end of the reporting period.

NATIONAL WIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

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, 2017 and 2016.

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.

Investment securities at December 31, 2017 and 2016, consist of the following assets, all of which are held by third-party money managers.

Investments	2017		2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Level 1 inputs				
Mutual funds:				
Mutual funds - world bond funds	\$ 700,308	\$ 649,119	\$ 540,718	\$ 461,250
Mutual funds - mid-cap growth funds	196,761	197,939	190,907	185,294
Mutual funds - mid-cap blend funds	501,327	574,912	476,639	516,866
Mutual funds - large blend funds	1,375,441	1,505,597	1,390,808	1,425,111
Mutual funds - large growth funds	539,089	607,220	513,433	480,718
Mutual funds - int'l small/mid-cap value funds	233,231	277,180	219,055	252,078
Mutual funds -mid-cap value funds	600,818	649,416	426,571	419,270
Mutual funds - exchange traded funds	402,389	459,357	639,479	662,751
Mutual funds - short-term bond funds	229,506	227,414	226,110	224,548
Mutual funds - intermediate-term bond funds	<u>515,318</u>	<u>502,504</u>	<u>497,850</u>	<u>482,108</u>
Total mutual funds	<u>5,294,188</u>	<u>5,650,658</u>	<u>5,121,570</u>	<u>5,109,994</u>
Common stock:				
Basic materials	43,396	39,334	38,471	39,437
Consumer goods	86,091	105,300	105,443	106,720
Financial	119,091	156,370	72,066	83,205
Healthcare	7,481	8,133	12,070	10,181
Industrial goods	50,275	59,242	8,928	10,148
Services	57,038	73,950	32,246	41,725
Retail	84,594	90,225	9,132	10,538
Technology	<u>86,937</u>	<u>104,264</u>	<u>43,151</u>	<u>49,705</u>
Total common stock	<u>534,903</u>	<u>636,818</u>	<u>321,507</u>	<u>351,659</u>
Total Level 1 inputs	<u>5,829,091</u>	<u>6,287,476</u>	<u>5,443,077</u>	<u>5,461,653</u>
Total investments	<u>\$ 5,829,091</u>	<u>\$ 6,287,476</u>	<u>\$ 5,443,077</u>	<u>\$ 5,461,653</u>

NATIONAL WIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

NOTE 2. INVESTMENTS (CONTINUED)

Investment return for the years ended December 31, 2017 and 2016 consists of the following:

<u>2017:</u>	
Dividend and interest income	\$ 273,034
Net realized and unrealized gain	534,290
Investment fees	<u>(42,325)</u>
	<u>\$ 764,999</u>
<u>2016:</u>	
Dividend and interest income	\$ 173,797
Net realized and unrealized gain	253,059
Investment fees	<u>(35,317)</u>
	<u>\$ 391,539</u>

The Association does not have any investments in an other-than-temporarily impaired position at December 31, 2017 and 2016. 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>2017</u>	<u>2016</u>
RICOH Business Systems; Payable in monthly installments of \$930, including interest at 4.595%, through June 2020, secured by copier	\$ 26,310	\$ 36,018
Less: current maturities	<u>10,202</u>	<u>9,745</u>
Long term maturity	<u>\$ 16,108</u>	<u>\$ 26,273</u>

The cost of the capital lease equipment was \$49,770 as of December 31, 2017 and 2016. Accumulated depreciation on equipment under capital lease totaled \$25,775 and \$14,397 as of December 31, 2017 and 2016, respectively.

The following is a schedule of future minimum lease payments on the capital lease obligation as of December 31, 2017:

2018	\$ 11,160
2019	11,160
2020	5,480
Less amount representing interest	<u>(1,490)</u>
Net minimum lease payment	<u>\$ 26,310</u>

NATIONAL WIC ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017 and 2016

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 \$117,668 and \$114,241 for the years ended December 31, 2017 and 2016, respectively.

The following is a schedule of future minimum lease payments as of December 31, 2017 under the revised lease:

2018	\$ 121,198
2019	124,834
2020	<u>73,715</u>
Total	<u>\$ 319,747</u>

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, 2017 and 2016 of \$4,210 and \$4,281, 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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Designated investments	<u>\$ 215,973</u>	<u>\$ 145,809</u>
Deferred compensation payable	<u>\$ 215,973</u>	<u>\$ 145,809</u>
Deferred compensation expense	<u>\$ 48,000</u>	<u>\$ 44,225</u>

SUPPLEMENTAL INFORMATION

NATIONAL WIC ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017, with
Comparative Totals for 2016

	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	2017	2016
Accounting and legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,420	\$ -	\$ -	\$ -	\$ -	\$ 85,420	\$ 85,420	\$ 80,232
Meeting room rental	330,532	-	-	-	-	-	330,532	50,731	-	-	-	-	50,731	381,263	407,108
Consultants	144,754	-	-	-	-	-	144,754	180,170	-	-	-	-	180,170	324,924	242,341
Bank and finance charges	14,246	-	-	-	-	-	14,246	3,469	-	-	-	-	3,469	17,715	26,208
Depreciation	5,284	5,167	3,353	2,492	1,119	-	17,415	6,096	4,585	1,825	2,987	2,929	18,422	35,837	37,485
Education	-	-	-	-	-	-	-	4,373	-	-	-	-	4,373	4,373	1,335
Equipment rent and maintenance	-	-	-	-	-	-	-	2,371	-	-	-	-	2,371	2,371	6,483
Health, life, and disability insurance	13,250	12,954	8,407	6,249	2,806	7,462	51,128	15,285	11,497	4,575	7,489	7,345	46,191	97,319	113,224
Insurance	867	848	550	409	184	-	2,858	1,001	753	299	490	481	3,024	5,882	2,808
Interest	-	-	-	-	-	-	-	1,422	-	-	-	-	1,422	1,422	1,914
Miscellaneous	-	-	-	-	-	-	-	22,134	-	-	-	-	22,134	22,134	15,356
Occupancy	22,287	21,790	14,140	10,511	4,720	21,408	94,856	25,710	19,339	7,696	12,597	12,354	77,696	172,552	178,031
Conference supplies	23,715	-	-	-	-	-	23,715	1,169	-	-	-	-	1,169	24,884	50,296
Office and computer supplies	5,105	4,991	3,239	2,407	1,081	732	17,555	5,888	4,429	1,763	2,885	2,830	17,795	35,350	16,649
Payroll taxes and benefits	12,011	11,743	7,620	5,665	2,544	7,294	46,877	13,854	10,422	4,147	6,789	6,658	41,870	88,747	79,535
Postage and delivery	6,723	-	-	-	-	-	6,723	9,070	-	-	-	-	9,070	15,793	18,366
Printing and duplicating	13,407	3,749	-	-	-	-	17,156	-	-	-	-	-	-	17,156	27,006
Recruitment and retention campaign	-	-	-	2,402,182	-	-	2,402,182	-	-	-	-	-	-	2,402,182	1,030,701
Salaries, wages, and bonuses	188,053	183,856	119,312	88,689	39,829	82,248	701,987	134,680	163,173	64,933	106,289	104,238	573,313	1,275,300	1,180,601
Contracted program services	-	-	-	-	-	678,869	678,869	-	-	-	-	-	-	678,869	3,459,536
Subscriptions and dues	-	-	-	-	-	-	-	7,428	-	-	-	-	7,428	7,428	5,467
Telephone	14,552	14,228	9,233	6,863	3,082	6,417	54,375	16,787	12,627	5,025	8,225	8,066	50,730	105,105	105,710
Travel	32,939	-	-	-	-	-	32,939	112,077	-	-	-	-	112,077	145,016	100,967
Total expenses	\$ 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	
Total expenses year ended															
December 31, 2016	\$ 867,222	\$ 192,742	\$ 197,696	\$ 1,030,701	\$ -	\$ 3,696,130	\$ 5,984,491	\$ 569,778	\$ 166,060	\$ 174,957	\$ 132,792	\$ 159,281	\$ 1,202,868	\$ 7,187,359	

See Independent Auditor's Report

NATIONAL WIC ASSOCIATION
SCHEDULE OF DIRECT ANNUAL CONFERENCE EXPENSES
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Meeting room rental	\$ 199,421	\$ 179,301
Consultants	46,772	49,546
Bank and finance charges	8,653	9,386
Miscellaneous	5,396	16,773
Postage & delivery	4,113	5,941
Printing & duplicating	5,199	9,558
Supplies	6,792	13,655
Travel	<u>15,668</u>	<u>13,843</u>
	<u>\$ 292,014</u>	<u>\$ 298,003</u>

See Independent Auditor's Report

NATIONAL WIC ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

Award	Grant Number	CFDA Number	Total Amount Expended	Passed-through to Subrecipients	Subrecipient Payments Refunded	Federal Expenditures, Net of Refunds
U.S. Department of Health and Human Services Center for Disease Control and Prevention Community Partnerships for Healthy Mothers and Children	NU58DP005645-03	93.328	\$ 1,268,184	\$ -	\$ (314,838)	\$ 953,346
Total expenditure of federal awards			<u>\$ 1,268,184</u>	<u>\$ -</u>	<u>\$ (314,838)</u>	<u>\$ 953,346</u>

See Independent Auditor's Report and Accompanying Notes to Schedule.

NATIONAL WIC ASSOCIATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of the Association under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended and does not present the financial position, change in net assets, or cash flows of the Association.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule has been prepared on the accrual basis of accounting which is the method of accounting used for the financial statements. Such expenditures are recognized following, as applicable, the cost principles in OMB Circular A-122 of Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. For the year ended December 31, 2017, the negative balance reported consists of amounts refunded by subrecipients for unspent funds received in prior years and subsequently returned to the grantor. It is the policy of the Association to report such grant refunds in the year in which the refunds have been identified.

NOTE 3. PROGRAM DESCRIPTION

The Association is a nonprofit organization that provides public health nutrition programs under the USDA providing nutrition, education, nutritious foods, breastfeeding support, and healthcare referrals for income-eligible woman who are pregnant or post-partum, infants, and children up to age five. The Association also administers a cooperative agreement, the Community Partnerships for Healthy Mothers and Children, as provided by the Department of Health and Human Services, Centers for Disease Control and Prevention, which was a major program for the year ended December 31, 2017.

NOTE 4. INDIRECT COST RATE

The Association has elected not to use the 10 percent *de minimis* indirect cost rate allowed under Uniform Guidance.

NATIONAL WIC ASSOCIATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended December 31, 2017

NOTE 5. RECONCILIATION OF GRANT FUNDS EXPENDED

The Association was the recipient of single multi-year grant that spanned its fiscal years ended December 31, 2014 – 2017. Following is a reconciliation of total grant expenditures reported:

	<u>Expenditures</u>
2014	\$ 20,722
2015	2,285,093
2016	3,704,694
2017	1,268,184
2017 - subrecipient refunds returned to grantor in 2017	(294,336)
2017 - subrecipient refunds returned to grantor in 2018	<u>(20,502)</u>
Total grant expenditures	<u>\$ 6,963,855</u>
Total grant expenditures per Form FFR filed July 2018	\$ 6,966,434
Less amount due to grantor after final grant reconciliation	<u>(2,579)</u>
Total grant expenditures	<u>\$ 6,963,855</u>

The balance of \$23,081 reported as due to grantor in these financial statements for the year ended December 31, 2017 includes a subrecipient refund received in 2018 in the amount of \$20,502 and the reconciliation adjustment of \$2,579 reported above.

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National WIC Association (the Association) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

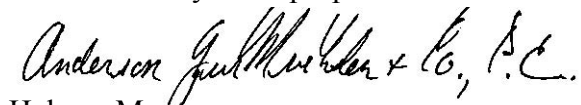
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that may not have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Helena, Montana
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH UNIFORM GUIDANCE

To the Board of Directors
National WIC Association
Washington DC

Report on Compliance for Each Major Federal Program

We have audited National WIC Association's (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal programs for the year ended December 31, 2017. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Association's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Helena, Montana
December 17, 2018

NATIONAL WIC ASSOCIATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2017

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	No

The major program for the year ended December 31, 2017, was as follows:

The Community Partnerships for Healthy Mothers and Children granted by the Department of Health and Human Services Center for Disease Control and Prevention. The CFDA number for this program is 93.328.

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

NATIONAL WIC ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2017

Section II - Financial Statement Findings:

None reported.

Section III - Federal Awards Findings and Questioned Costs:

The audit disclosed no findings which were required to be reported under the provisions of Uniform Guidance.



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