

**DRESS FOR SUCCESS WORLDWIDE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

# DRESS FOR SUCCESS WORLDWIDE

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To the Board of Directors of  
Dress for Success Worldwide:

Independent Auditor's Report

We have audited the accompanying statement of financial position of Dress for Success Worldwide (DFSW) as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dress for Success Worldwide as of December 31, 2010 and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses is presented for the purposes of additional analysis and is procedures applied in our audit of the basic financial statements and, in or opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.

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**Naftol & Weberman, CPA's, PC**

April 20, 2011

# DRESS FOR SUCCESS WORLDWIDE

## Statement of Financial Position

December 31, 2010

### Assets

#### Current Assets

Cash	\$3,034,502
Prepaid expenses	19,139
Exchanges	23,000
Event deposit	<u>63,320</u>

Total current assets 3,139,961

Furniture and Equipment, net of  
accumulated depreciation of \$189,902 196,718

#### Other Assets

Security deposits 75,685

Total assets \$3,412,364

### Liabilities and Net Assets

#### Current Liabilities

Payables and accrued liabilities \$208,642

Total current liabilities 208,642

#### Net Assets

Unrestricted 3,203,722

Temporarily restricted 0

Total net assets 3,203,722

Total liabilities and net assets \$3,412,364

The accompanying notes are an integral part of this statement.

# DRESS FOR SUCCESS WORLDWIDE

## Statement of Activities

For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Contributions	\$1,966,387	\$ 236,261	\$2,202,648
In-kind contributions - product	9,669,156	0	9,669,156
In-kind contributions - services	187,895	0	187,895
Investment income	34,384	0	34,384
Fund raising activities	<u>1,947,766</u>	<u>0</u>	<u>1,947,766</u>
Total	<u>13,805,588</u>	<u>\$236,261</u>	<u>14,041,849</u>
<b>Expenses</b>			
Program expenses	12,968,255	0	12,968,255
Management and general	122,529	0	122,529
Fund-raising	<u>680,616</u>	<u>0</u>	<u>680,616</u>
Total Expenses	<u>13,771,400</u>	<u>0</u>	<u>13,771,400</u>
<b>Increase in Net Assets</b>	34,188	236,261	270,449
<b>Net assets</b> , beginning of period	<u>2,403,835</u>	<u>529,438</u>	<u>2,933,273</u>
<b>Net assets</b> , end of year	<u>\$2,438,023</u>	<u>\$765,699</u>	<u>\$3,203,722</u>

The accompanying notes are an integral part of this statement.

# DRESS FOR SUCCESS WORLDWIDE

## Statement of Cash Flows

For the Year Ended December 31, 2010

### Cash Flows From Operating Activities

Increase in net assets	\$ 270,499
Adjustment to reconcile changes in net assets to Net cash provided by operating activities:	
Depreciation	13,115
Increase in event deposit	(15,540)
Increase in prepaid expenses	(4,100)
Increase in security deposits	(12,566)
Decrease in payables and accrued liabilities	(54,436)
Net cash provided by operating activities	<u>193,972</u>

### Cash Flows From Investing Activities

Purchase of fixed assets	(120,307)
Net cash flows used by investing activities	<u>(120,307)</u>
<b>Net increase in cash</b>	73,665
<b>Cash, beginning of period</b>	<u>2,960,837</u>
<b>Cash, end of year</b>	<u>\$3,034,502</u>

The accompanying notes are an integral part of this statement.

## DRESS FOR SUCCESS WORLDWIDE

### Statement of Functional Expenses

For the Year Ended December 31, 2010

	Program Expenses	Management And General	Fund-raising
Salaries and related costs	\$1,631,127	\$84,611	\$181,074
Support to Member organizations	10,074,511	0	0
Program supplies & expenses	79,671	0	0
Printing	15,209	455	1,057
Professional fees and consultants	255,081	2,100	4,349
Travel	53,991	416	2,500
Members conferences	185,208	1,426	8,527
Rent and related costs	375,417	18,509	40,015
Insurance	25,048	825	1,820
Shipping and postage	13,849	1,312	4,482
Telephone	31,846	1,426	2,592
Fundraising expenses			394,905
Website expenses & Computer expenses	78,120	3,497	6,358
Dues & subscriptions	6,476	259	570
Interns	3,588	0	0
Office Supplies & expenses	43,795	5,372	27,819
Repairs & maintenance	16,779	827	1,789
Public relations	8,922	252	657
Misc. expenses	<u>57,982</u>	<u>502</u>	<u>1,312</u>
Total expenses before depreciation	12,956,620	121,789	679,876
Depreciation	<u>11,635</u>	<u>740</u>	<u>740</u>
Total expenses	<u>\$12,968,255</u>	<u>\$122,529</u>	<u>\$680,616</u>

The accompanying notes are an integral part of this statement.

# DRESS FOR SUCCESS WORLDWIDE

## Notes to Financial Statements

December 31, 2010

### 1. ORGANIZATIONAL PURPOSE

Dress for Success Worldwide ("DSW") is a not-for-profit service organization that operates through an international headquarters, located in New York City and through a network of over 110 independent local not-for-profit affiliates located throughout the United States, Australia, Canada, Ireland, Mexico, The Netherlands, New Zealand, Poland, the United Kingdom and the West Indies. The mission of Dress for Success is to promote the economic independence of disadvantaged women by providing professional attire, a network of support and the career development tools to help women thrive in work and in life. DSW partners with other not-for-profit member organizations in order to assist low-income women ("clients") transition into the workforce through referrals to DSW.

DSW employs a professional staff consisting of administrative personnel, program and member service staff, and supporting interns and clerical staff. The staff works under the supervision of the Chief Executive Officer and is overseen by a 17-member Board of Directors. The Organization provides brand consistency, sponsorship opportunities, product, funding, organization of international campaigns, structural support to its affiliates and to monitor the policies and program quality of affiliated licenses domestically and internationally for adherence to the standards set by the organization. Because these affiliates are independent of DSW, their assets and liabilities, as of December 31, 2010, and their support and revenue and expenses, and cash flows, for the year then ended, have not been included in the accompanying financial statements. The Organization operates job preparation, career development and employment retention programs for disadvantaged women in New York City with branches in Manhattan, Bronx and Queens and a warehouse in Brooklyn. The Organization also operates regional offices in Los Angeles and Chicago that provide job preparation, career development and employment retention programs for disadvantaged women in that area, as well as support to affiliates in the region.

The organization receives funding necessary to carry out its activities from contributions and grants received from corporations, foundations, individuals and events.

# DRESS FOR SUCCESS WORLDWIDE

## Notes to Financial Statements

December 31, 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Basis of Presentation

The company has adopted the provisions of Statements of financial Accounting Standards (SFAS) No. 118 Accounting for Contributions Received and Contributions made, and SFAS No. 117, Financial Statement for Not-for-Profit Organizations. In accordance with the provisions of these statements, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

#### Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. DSW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donors restricted contributions whose restrictions are met in the same reporting period in which they are received are reported as unrestricted support in the financial statements.

DSW recognized contributions of services if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

# DRESS FOR SUCCESS WORLDWIDE

## Notes to Financial Statements

December 31, 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Individuals contribute freely of their time and talent in furtherance of DSW's goals. DSW practice has been to not record the value of these services in its financial statements since a clearly measurable basis for a determination of such a value does not exist. During the fiscal year measurable contributed services of \$187,895. have been reported and recognized as consulting expenses.

#### In-Kind Contributions

Amounts are reported in the financial statement for voluntary donations of clothing, jewelry and other items.

#### FIXED ASSETS

Fixed assets are capitalized at cost or, if donated, at the estimated fair market value at date of receipt. Depreciation is computed for equipment and furniture using the straight-line method over estimated useful lives of 3 - 5 years and 5 - 7 years respectively. Intangible assets include domain names, and website and database development. These intangibles are recorded at cost, if purchased, or estimated fair value, if donated, and are being amortized on the straight-line method over their estimated lives, usually five to seven years.

#### Income Taxes

DSW is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Statement of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited

# DRESS FOR SUCCESS WORLDWIDE

## Notes to Financial Statements

December 31, 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 3. CONCENTRATION OF CREDIT RISK

DSW's financial instruments that are exposed to concentrations of credit risk consist primarily of cash.

DSW maintains its cash accounts primarily with banks located in New York. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The institute had balances on deposit with the New York banks at December 31, 2010 that exceeded the balance insured by the FDIC.

### 4. LEASE COMMITMENTS

DSW is obligated under a non-cancelable operating lease for office space in Manhattan; Brooklyn; Queens; Los Angeles; Philadelphia and Chicago. Minimum annual rentals, exclusive of electricity charges, are \$405,191 for 2010. As of December 31, 2010, approximate annual future minimum rental payments under the leases applicable to the organization were as follows:

2011	418,360
2012	432,920
2013	445,990

# DRESS FOR SUCCESS WORLDWIDE

## Notes to Financial Statements

December 31, 2010

### 5. FIXED ASSETS

As of December 31, 2010, fixed assets consisted of:

Computer equipment	\$83,886
Furniture & fixtures	24,254
Computer software	23,875
Trademarks & domain names	3,752
Other Intangibles	127,000
Leasehold Improvements	<u>124,186</u>
	386,953
Less: Accumulated depreciation & Amortization	<u>190,235</u>
	<u>\$196,718</u>

### 6. Merger

As of July 1, 2004 the assets and fund balance of Dress for Success – New York were merged into Dress For Success – Worldwide.



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ACCOUNTANT'S REPORT ON INFORMATION

ACCOMPANYING THE BASIC FINANCIAL STATEMENTS

Our examination of the basic financial statements presented in the preceding section of this report were made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying supplemental schedule of revenues and expenses by division is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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Naftol & Weberman CPA

April 20, 2011

**DRESS FOR SUCCESS WORLDWIDE**  
**Statement of Activities - PHILADELPHIA**  
**For the Year Ended December 31, 2010**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Contributions	\$363,085	\$3,162	\$366,247
In-kind contributions	<u>457,631</u>	<u>0</u>	<u>457,631</u>
Total	<u>820,716</u>	<u>\$3,162</u>	<u>823,878</u>
<b>Expenses</b>			
Program expenses	775,679	0	775,679
Management and general	10,720	0	10,720
Fund-raising	<u>26,487</u>	<u>0</u>	<u>26,487</u>
Total Expenses	<u>812,886</u>	<u>0</u>	<u>812,886</u>
<b>Decrease in Net Assets</b>	7,830	3,162	10,992
<b>Contributed assets</b>	<u>153,989</u>	<u>0</u>	<u>153,989</u>
<b>Net assets, end of year</b>	<u>\$161,819</u>	<u>\$3,162</u>	<u>\$164,981</u>

The accompanying notes are an integral part of this statement.