

the WOMEN'S
FOUNDATION
of CALIFORNIA

FINANCIAL STATEMENTS
June 30, 2019 and 2018

THE WOMEN'S FOUNDATION OF CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Women's Foundation of California
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Women's Foundation of California, which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Women's Foundation of California as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, The Women's Foundation of California 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.

Crowe LLP
Crowe LLP

Sacramento, California
October 31, 2019

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,948,561	\$ 975,337
Short-term investments	1,070,655	193,821
Grants receivable	3,170,943	1,284,802
Contributions receivable	20,364	13,575
Prepaid expenses	<u>173,081</u>	<u>54,002</u>
Total current assets	9,383,604	2,521,537
Grants and contributions receivable beyond one year, net	2,144,494	1,490,619
Interest in charitable remainder trusts	62,966	62,966
Property and equipment, net	60,357	69,808
Investments for long-term purposes	<u>6,634,241</u>	<u>6,830,700</u>
Total assets	<u>\$ 18,285,662</u>	<u>\$ 10,975,630</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 504,305	\$ 115,327
Grants payable	186,000	68,468
Accrued vacation liability	<u>74,432</u>	<u>64,603</u>
Total current liabilities	764,737	248,398
Deferred rent	<u>27,498</u>	<u>30,943</u>
Total liabilities	<u>792,235</u>	<u>279,341</u>
Net assets:		
Without donor restrictions:		
Undesignated	6,984,647	6,216,235
Board-designated	<u>650,000</u>	<u>-</u>
Total net assets without donor restrictions	7,634,647	6,216,235
With donor restrictions	<u>9,858,780</u>	<u>4,480,054</u>
Total net assets	<u>17,493,427</u>	<u>10,696,289</u>
Total liabilities and net assets	<u>\$ 18,285,662</u>	<u>\$ 10,975,630</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and other support:						
Grants	\$ 821,584	\$ 10,812,119	\$ 11,633,703	\$ 191,700	\$ 3,304,459	\$ 3,496,159
Grants sponsored projects	-	799,000	799,000	-	-	-
Contributions	294,056	142,160	436,216	630,730	47,491	678,221
Program income	64,729	52,300	117,029	62,606	23,200	85,806
Fundraising event income, net	5,000	19,800	24,800	-	-	-
Interest and dividend income	165,348	32,749	198,097	131,036	32,107	163,143
Realized and unrealized gains on investments	299,054	46,085	345,139	342,861	73,438	416,299
Other income	16,780	-	16,780	48,075	-	48,075
Net assets released from restriction	<u>6,525,487</u>	<u>(6,525,487)</u>	<u>-</u>	<u>4,864,742</u>	<u>(4,864,742)</u>	<u>-</u>
Total revenues, gains and other support	<u>8,192,038</u>	<u>5,378,726</u>	<u>13,570,764</u>	<u>6,271,750</u>	<u>(1,384,047)</u>	<u>4,887,703</u>
Expenses:						
Program services	5,790,607	-	5,790,607	4,181,315	-	4,181,315
Supporting services:						
Management and general	501,969	-	501,969	451,235	-	451,235
Resource development	<u>481,050</u>	<u>-</u>	<u>481,050</u>	<u>543,674</u>	<u>-</u>	<u>543,674</u>
Total expenses	<u>6,773,626</u>	<u>-</u>	<u>6,773,626</u>	<u>5,176,224</u>	<u>-</u>	<u>5,176,224</u>
Change in net assets	1,418,412	5,378,726	6,797,138	1,095,526	(1,384,047)	(288,521)
Net assets, beginning of year	<u>6,216,235</u>	<u>4,480,054</u>	<u>10,696,289</u>	<u>5,120,709</u>	<u>5,864,101</u>	<u>10,984,810</u>
Net assets, end of year	<u>\$ 7,634,647</u>	<u>\$ 9,858,780</u>	<u>\$ 17,493,427</u>	<u>\$ 6,216,235</u>	<u>\$ 4,480,054</u>	<u>\$ 10,696,289</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,797,138	\$ (288,521)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,870	13,284
Realized and unrealized investment gains	(345,138)	(416,299)
Changes in operating assets and liabilities:		
Receivables	(2,546,805)	290,602
Prepaid expenses	(119,079)	(14,881)
Grants payable	117,532	(662,590)
Deferred rent	(3,445)	997
Accounts payable and accrued expenses	<u>403,544</u>	<u>(187,021)</u>
Net cash provided by (used in) operating activities	<u>4,321,617</u>	<u>(1,264,429)</u>
Cash flows from investing activities:		
Purchases of investments	(953,139)	(687,885)
Proceeds from sale and maturities of investments	617,902	1,280,711
Acquisition of property and equipment	<u>(8,419)</u>	<u>(79,107)</u>
Net cash (used in) provided by investing activities	<u>(343,656)</u>	<u>513,719</u>
Cash flows from financing activities:		
Principal payments on lease liability	(4,737)	(1,153)
Principal payments on borrowings	<u>-</u>	<u>(150,000)</u>
Net cash used in financing activities	<u>(4,737)</u>	<u>(151,153)</u>
Net change in cash and cash equivalents	3,973,224	(901,863)
Cash and cash equivalents, beginning of year	<u>975,337</u>	<u>1,877,200</u>
Cash and cash equivalents, end of year	<u>\$ 4,948,561</u>	<u>\$ 975,337</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services				Supporting Services			
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Donor Advised Funds	Total	M&G	Resource Development	Total
Salaries and benefits	\$ 839,841	\$ 263,965	\$ 151,185	\$ -	\$ 1,254,991	\$ 298,088	\$ 362,917	\$ 1,915,996
Consulting	662,672	217,202	105,158	298,730	1,283,762	122,517	25,773	1,432,052
Advertising	48,119	71	5,129	5,000	58,319	167	226	58,712
Bad debt/discount expenses	-	-	-	-	-	5,163	-	5,163
Bank charges/business taxes	1,067	-	38	2,668	3,773	5,185	1,044	10,002
Depreciation	7,684	2,502	1,251	-	11,437	2,323	4,110	17,870
Dues and subscriptions	5,442	2,255	5,710	-	13,407	955	1,107	15,469
Equipment, maintenance, leases, software	36,610	10,814	4,888	5,100	57,412	6,248	16,666	80,326
Interest expense	430	116	67	-	613	686	221	1,520
Investment fees	-	-	-	41,782	41,782	7,996	-	49,778
Liability insurance	3,725	522	522	-	4,769	2,657	1,714	9,140
Office supplies	26,907	2,082	2,772	7,468	39,229	1,303	3,237	43,769
Postage	2,882	1,215	406	-	4,503	1,456	2,738	8,697
Printing	12,190	143	2,293	-	14,626	4,060	2,042	20,728
Event/production expense	16,091	17,847	190	751,454	785,582	20	193	785,795
Rent	93,681	20,886	15,553	-	130,120	20,892	32,660	183,672
Staff development	8,026	1,816	1,185	-	11,027	6,474	4,395	21,896
Telephone	9,122	1,830	1,123	-	12,075	2,085	3,714	17,874
Travel and meals	485,484	30,465	13,399	7,834	537,182	13,296	15,870	566,348
Workshops/conferences	13,401	9,859	4,937	-	28,197	398	1,223	29,818
Outgoing grants	236,792	784,364	6,000	408,986	1,436,142	-	1,200	1,437,342
Administrative fee	-	-	-	61,659	61,659	-	-	61,659
Total functional expenses	<u>\$ 2,510,166</u>	<u>\$ 1,367,954</u>	<u>\$ 321,806</u>	<u>\$ 1,590,681</u>	<u>\$ 5,790,607</u>	<u>\$ 501,969</u>	<u>\$ 481,050</u>	<u>\$ 6,773,626</u>

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services					Supporting Services		
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Donor Advised Funds	Total	M&G	Resource Development	Total
Salaries and benefits	\$ 497,768	\$ 259,425	\$ 103,069	\$ 68,250	\$ 928,512	\$ 260,144	\$ 310,760	\$ 1,499,416
Consulting	549,042	118,965	3,199	294,274	965,480	55,305	81,041	1,101,826
Advertising	720	-	536	207	1,463	121	760	2,344
Bad debt/discount expenses	-	-	-	-	-	29,801	-	29,801
Bank charges/business taxes	855	207	69	4,700	5,831	4,609	2,474	12,914
Depreciation	5,048	1,993	664	-	7,705	2,790	2,790	13,285
Dues and subscriptions	2,282	7,343	603	38	10,266	2,860	2,785	15,911
Equipment, maintenance, leases, software	14,177	10,009	11,713	1,626	37,525	24,725	13,111	75,361
Interest expense	-	-	-	-	-	6,196	-	6,196
Investment fees	-	-	-	42,632	42,632	7,914	-	50,546
Liability insurance	3,046	1,202	401	-	4,649	2,140	1,683	8,472
Office supplies	21,113	2,425	704	(3,996)	20,246	1,405	14,524	36,175
Postage	508	204	62	80	854	323	1,260	2,437
Printing	6,141	1,257	104	308	7,810	880	4,579	13,269
Event/production expense	7,620	1,150	-	890	9,660	27	1,914	11,601
Rent	55,751	21,816	7,272	1,800	86,639	30,542	30,542	147,723
Staff development	2,234	1,336	147	935	4,652	2,595	1,676	8,923
Telephone	6,670	1,743	681	332	9,426	3,663	3,158	16,247
Travel and meals	399,889	27,009	1,997	3,618	432,513	15,195	26,677	474,385
Workshops/conferences	2,537	3,718	750	601	7,606	-	16,740	24,346
Outgoing grants	90,000	195,808	-	1,262,266	1,548,074	-	27,200	1,575,274
Administrative fee	-	-	-	49,772	49,772	-	-	49,772
Total functional expenses	\$ 1,665,401	\$ 655,610	\$ 131,971	\$ 1,728,333	\$ 4,181,315	\$ 451,235	\$ 543,674	\$ 5,176,224

See accompanying notes to financial statements

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - ORGANIZATION

The Women's Foundation of California (the Foundation) is a not-for-profit corporation with offices in California. The Foundation is a statewide community foundation that works to advance gender, racial and economic justice by investing in, training and connecting community leaders. The Foundation's activities are primarily supported by contributions and grants from individuals, private foundations and corporations.

Philanthropic Initiatives: The Foundation provides grants to community-led organizations and manages one donor advised fund. Grants are made to exemplary nonprofit organizations that are removing barriers and creating opportunities for advancing the health, safety and economic security of all Californians, particularly those from communities of color and low-income communities. The Foundation's grantmaking represents a powerful investment in the programs and people who advance gender, racial and economic justice. Unlike private foundations that can sustain their philanthropy from endowments, the Foundation is a public community foundation that relies on the ongoing generosity of individuals and institutional partners.

Policy Advocacy: The Women's Policy Institute (WPI) amplifies the voices of California women through a year-long training program in state and county public policymaking. Fellows of diverse backgrounds and experiences work in teams and are paired with a mentor to implement important legislative projects. To date, WPI has trained more than 500 advocates and local leaders and helped pass almost 40 new statewide laws improving Californians' health, safety and economic well-being. The Foundation also serves as a trusted ally and strategic connector across the state, helping to build coalitions and create a comprehensive women's policy agenda.

NOTE 2 - ACCOUNTING POLICIES

Method of Accounting: The Foundation prepares its financial statements using the accrual method of accounting in conformity with accounting principles generally accepted (GAAP) in the United States of America. Revenues are recognized when earned and expenses are recognized as they are incurred.

Basis of Presentation: Financial statement presentation follows the guidance of Financial Accounting Standards Board (the "FASB") Accounting Standards Codification™ ("ASC") 958 – 205, *Not-for-Profit Entities – Presentation of Financial Statements* ("ASC 958 – 205"). Under ASC 958 – 205, the Foundation is required to report information regarding its financial position and activities, including net assets classified as either with donor restrictions or without donor restrictions. The change in each of these classes of net assets must be presented in the statements of activities.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents represent all highly liquid investments with original maturities of 90 days or less, including money market accounts. Cash and cash equivalents are stated at fair value.

Concentration of Credit Risk: Financial instruments, which potentially subject the Women's Foundation of California to concentration of credit risk, consists primarily of cash and cash equivalents with high credit quality financial institutions and equity and fixed income securities. These instruments are also subject to other market conditions such as interest rate risk, and equity market risks and their implied volatilities.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 - ACCOUNTING POLICIES (Continued)

Cash and cash equivalents on deposit with financial institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for all interest and non-interest bearing cash accounts at all FDIC-insured financial institutions. At various times during 2019 and 2018, the Foundation had cash balances in excess of the insured limits. The Foundation has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk to cash.

Equipment: Property and equipment with an original cost of \$1,500 or more is capitalized and subject to depreciation. Equipment is stated on the basis of cost, or in the case of donated items, on a basis of fair value at the date of donation. The Foundation provides for depreciation of the equipment on the straight-line method using an estimated useful life of three to ten years.

Impairment of Long-Lived Assets: The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the years ended June 30, 2019 and 2018.

Investments: Investments in securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected as increase or decrease in the unrestricted class of net assets, unless donors place restrictions on the manner of use of such gains and losses. Realized gains (losses) are calculated using the "High Cost First Out" method.

Grants and Contributions Receivable: Grants and contributions receivable represent unconditional promises receivable in future periods. Grants and contributions receivable in one year are stated at their net realizable amount that management expects to collect. Grants and contributions receivable beyond one year are stated at a discounted amount. Management uses the allowance method for recording uncollectible receivables. The amount of the allowance is determined based on past experience and periodic review of all outstanding grants and pledges receivable.

In-kind Contributions: In-kind contributions include donated tangible assets that are recorded at their fair value on the date of receipt.

Net Asset Classifications: The Foundation reports two primary classifications of net assets within the financial statements:

Net Assets - with donor restrictions - The Foundation reports contributions, gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restrictions is accomplished, the associated net assets with donor restrictions are reclassified to net assets without donor restrictions, in the statement of activities.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 - ACCOUNTING POLICIES (Continued)

Net Assets - without donor restrictions – Net assets without donor restrictions include those revenues and expenses associated with program and supporting services which do not have externally imposed restrictions on their use. The Foundation reports gifts of property, equipment and securities as support without donor restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restriction that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as net assets with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributed securities are liquidated immediately following receipt of the gift. Restricted gifts that are released within the same year are recorded as net assets with donor restriction, and released from restriction as the restriction expires. At June 30, 2019 the Foundation's Board of Directors designated net assets to provide for operating reserves totaling \$650,000. No such board designation was in place at June 30, 2018. In addition, donor advised funds are included in net assets without donor restrictions.

In accordance with the Foundation's bylaws and donor advised fund policies that grant the Board of Directors, as required by federal tax laws and regulations governing community foundations, the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board of Directors (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served (the "Board Variance Power").

Donor advised funds totaled \$5,742,103 and \$5,681,505 as of June 30, 2019 and 2018, respectively. Effective June 26, 2015 the Board of Directors classified the use of these funds for the following charitable purposes:

YWCA of the Mid-Peninsula Donor Advised Fund – The mission of the YWCA Mid-Peninsula is to eliminate racism and empower women and girls. The Donor Advised Fund, which awards grants in southern San Mateo and northern Santa Clara counties, was established in 2004, upon the closure of the YWCA of the Mid-Peninsula and the sale of its Palo Alto building, when assets from the sale were invested with the Women's Foundation of California. Since that time, the Fund has leveraged the interest derived from its investments to distribute more than \$2.5 million in grants to more than 50 agencies whose programs align with the Fund's mission, including programs that address education, teen pregnancy, termed out foster care girls, rape crisis intervention, domestic violence, women entrepreneurs, gay and lesbian issues, immigration rights, public policy advocacy training and numerous barrier-breaking racial justice programs.

Smart Cookie Scholarship Fund – The Smart Cookie Scholarship Fund supports first and second generation immigrant students from Latin America who are highly motivated and who would not otherwise receive the necessary assistance to pursue an education beyond high school. In addition to scholarships to finance education, the program provides advising, personal development and enrichment activities, networking opportunities and other scholarship events to ensure students succeed at the university level and beyond. Smart Cookie aims to foster a culture of respect, commitment, pride and community investment among Latina/o students.

Grants Payable: Grants payable consist of grants awarded prior to the end of the fiscal year but not yet paid.

Grants to Others: Grants are recorded as expenses when they are approved by the Board of Directors or designated Foundation staff.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 - ACCOUNTING POLICIES (Continued)

Resource Development and Management and General Expenditures: Resource development expenditures include all direct fundraising costs and a portion of salaries and related expense, which are allocated based on the percentage of time spent on fundraising activities. The remainder is allocated to management and general expenditures.

Functional expenses: Expenses have been charged to program or supporting service classifications based on direct expenditures incurred. Any expenditures not directly chargeable are allocated among program or support service classifications based on related usage.

Income Taxes: The Foundation is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code section 501(c)(3) and from State of California income taxes. Therefore, these financial statements contain no provision for such taxes. Informational returns are filed annually with federal and state taxing authorities.

The Foundation uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. For the years ended June 30, 2019 and 2018, management has determined that the Foundation does not have any tax positions that result in any uncertainties regarding the possible impact on the Foundation's financial statements. The Foundation is no longer subject to examination by taxing authorities for years before 2015. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties at June 30, 2019 and 2018.

NOTE 3 - INVESTMENTS

Investments are carried at fair value; therefore, realized and unrealized gains and losses are reflected in the statement of activities in the year incurred.

Investment income is comprised of the following elements as of June 30:

<u>2019</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 165,348	\$ 32,749	\$ 198,097
Realized and unrealized gains (losses) on investments	299,054	46,085	345,139
Investment fees	<u>(49,778)</u>	<u>-</u>	<u>(49,778)</u>
Total investment income	<u>\$ 414,624</u>	<u>\$ 78,834</u>	<u>\$ 493,458</u>

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 - INVESTMENTS (Continued)

<u>2018</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 131,036	\$ 32,107	\$ 163,143
Realized and unrealized gains (losses) on investments	342,861	73,438	416,299
Investment fees	<u>(50,546)</u>	<u>-</u>	<u>(50,546)</u>
Total investment income	<u>\$ 423,351</u>	<u>\$ 105,545</u>	<u>\$ 528,896</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for the asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of nonperformance risk including the Foundation's own credit risk.

In addition to defining fair value, the standard expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets in Level 1 include short-term investments, U.S. equities, and international developed and emerging markets equities.

Level 2 – Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets in this category generally include investment grade taxable fixed income securities.

Level 3 – Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve judgment including private and public comparables, third party appraisals, discounted cash flow models, and fund manager estimates. There were no such securities as of June 30, 2019 and 2018.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of the Foundation's assets is measured on a recurring basis at and consisted of the following at June 30:

	2019			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2019
Short-term investments	\$ 1,070,655	\$ -	\$ -	\$ 1,070,655
Equity securities:				
U.S. large cap	3,717,737	-	-	3,717,737
U.S. mid cap	545,158	-	-	545,158
U.S. small cap	172,636	-	-	172,636
International developed	577,870	-	-	577,870
Emerging markets	86,634	-	-	86,634
Fixed income securities:				
Investment grade taxable	-	1,534,206	-	1,534,206
	<u>\$ 6,170,690</u>	<u>\$ 1,534,206</u>	<u>\$ -</u>	<u>\$ 7,704,896</u>
	2018			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2018
Short-term investments	\$ 193,821	\$ -	\$ -	\$ 193,821
Equity securities:				
U.S. large cap	3,500,229	-	-	3,500,229
U.S. mid cap	582,731	-	-	582,731
U.S. small cap	210,760	-	-	210,760
International developed	664,502	-	-	664,502
Emerging markets	125,237	-	-	125,237
Fixed income securities:				
Investment grade taxable	-	1,747,241	-	1,747,241
	<u>\$ 5,277,280</u>	<u>\$ 1,747,241</u>	<u>\$ -</u>	<u>\$ 7,024,521</u>

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2019 and 2018, the investments listed in the fair value hierarchy table above use the following valuation technique and inputs:

Short-term investments and equity securities: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Investment grade taxable: The fair value of the investment grade taxable fixed income securities classified as Level 2 is primarily determined using the market approach. The methodology being used consists of the security setup, benchmark yields, discount margin, adjustments for corporate actions, evaluations based on T+3 and settlement methodology. The Floating Rate Note model is used and the significant observable inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications.

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following at June 30:

	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
<u>2019</u>			
Receivable in less than one year	\$ 3,170,943	\$ 20,364	\$ 3,191,307
Receivable in one to five years	<u>1,470,037</u>	<u>753,000</u>	<u>2,223,037</u>
Total receivable	<u>\$ 4,640,980</u>	<u>\$ 773,364</u>	5,414,344
Less unamortized discount			(63,083)
Less allowance for uncollectable pledges			<u>(15,460)</u>
Total grants and pledges receivable			<u>\$ 5,335,801</u>
	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
<u>2018</u>			
Receivable in less than one year	\$ 1,284,802	\$ 13,575	\$ 1,298,377
Receivable in one to five years	<u>800,000</u>	<u>763,000</u>	<u>1,563,000</u>
Total receivable	<u>\$ 2,084,802</u>	<u>\$ 839,541</u>	2,861,377
Less unamortized discount			(56,921)
Less allowance for uncollectable pledges			<u>(15,460)</u>
Total grants and pledges receivable			<u>\$ 2,788,996</u>

Pledges receivable with due dates extending beyond one year are discounted using a risk-adjusted rate for similar term investments. The discount rate used at June 30, 2019 and 2018 was 1.01%.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 - INTEREST IN CHARITABLE REMAINDER TRUST

The Foundation is the beneficiary of a charitable remainder trust. The trust provides for the payment of distributions to the grantor during her lifetime. At the end of the trust's term, the remaining assets are available for the Foundation's use. Assets held in the charitable remainder trust include cash and marketable securities and are recorded using the present value of the estimated future payments. A discount rate of 8.2% and the applicable mortality table was used to calculate the Foundation's interest.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 39,179	\$ 30,759
Capitalized website costs	44,100	44,100
Equipment under capital lease	<u>25,583</u>	<u>25,583</u>
Total	108,861	100,442
Less: accumulated depreciation	<u>(48,505)</u>	<u>(30,634)</u>
Property and equipment, net	<u>\$ 60,357</u>	<u>\$ 69,808</u>

Total depreciation for the years ended June 30, 2019 and 2018 was \$17,870 and \$13,284, respectively.

NOTE 8 - LINE OF CREDIT

The Foundation had a secured line of credit with a financial institution with an available credit line of up to \$400,000 which expired January 31, 2019. The line of credit was most recently renewed for \$300,000 with a revised maturity of January 31, 2020. The line of credit is secured by a first priority security interest in the Foundation's personal property and bears an interest rate at the LIBOR Daily Floating Rate plus 2.75%, which was 5.13% and 4.85% at June 30, 2019 and 2018, respectively. No amounts were outstanding at June 30, 2019 and 2018.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction were available to be expended for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Policy advocacy	\$ 2,540,234	\$ 1,083,344
Philanthropic initiatives	4,487,249	711,159
Project incubation	154,364	368,805
Future operations	1,525,000	1,150,000
Endowment earnings	<u>102,942</u>	<u>117,755</u>
	8,809,789	3,431,063
Endowment (Note 10)	<u>1,048,991</u>	<u>1,048,991</u>
Total net assets with donor restriction:	<u>\$ 9,858,780</u>	<u>\$ 4,480,054</u>

Net assets of \$6,525,487 and \$4,864,742 were released during 2019 and 2018, respectively, in accordance with the donors' intent.

NOTE 10 - ENDOWMENT

The Foundation's endowment consists of donor restricted funds whose purpose is to provide support in meeting the operating and program needs of the Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of the Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund amounts not in the above description, may be appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by the State of California in its enacted version of UPMIFA. In June 2011 the Board of Directors adopted a spending policy that targets a spending rate that will be reviewed and may be adjusted by the Board of Directors based on the performance of the endowment portfolio and the tax and legal/regulatory considerations. The annual target spending currently is between 4-6% of the average of the endowment's market value over the past twelve quarters. During both years ended June 30, 2019 and 2018 the Board of Directors appropriated \$85,800 of the endowment balance for spending.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 10 - ENDOWMENT (Continued)

The composition of and changes in endowment assets as of June 30, 2019 are as follows:

	<u>Earning Assets</u>	<u>Endowment Corpus</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ 117,755	\$ 1,048,991	\$ 1,166,746
Investment income, net	88,226	-	88,226
Net appreciation	(17,239)	-	(17,239)
Appropriation of endowment assets for expenditure	<u>(85,800)</u>	<u>-</u>	<u>(85,800)</u>
Endowment assets, end of year	<u>\$ 102,942</u>	<u>\$ 1,048,991</u>	<u>\$ 1,151,933</u>

The composition of and changes in endowment assets as of June 30, 2018 are as follows:

	<u>Earning Assets</u>	<u>Endowment Corpus</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ 127,047	\$ 1,048,991	\$ 1,176,038
Investment income, net	25,642	-	25,642
Net appreciation	50,865	-	50,865
Appropriation of endowment assets for expenditure	<u>(85,800)</u>	<u>-</u>	<u>(85,800)</u>
Endowment assets, end of year	<u>\$ 117,755</u>	<u>\$ 1,048,991</u>	<u>\$ 1,166,746</u>

The fair value of the endowment corpus, which are required to be maintained in perpetuity, had no deficiency as of June 30, 2019 and 2018.

NOTE 11 - RETIREMENT PLAN

The Foundation has a 401(k) employee retirement plan covering substantially all of the employees who have completed the minimum service and age requirements. Total contributions by the Foundation to this plan were \$53,016 and \$36,603 during the years ended June 30, 2019 and 2018, respectively.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 12 - COMMITMENTS UNDER OPERATING LEASES

On June 30, 2015, the Foundation signed an agreement to rent office space in Oakland, California for an initial base rent of \$11,515 per month plus operating costs with escalation clauses over the term of the lease, resulting in deferred rent of \$27,498 and \$30,943 as of June 30, 2019 and 2018, respectively.

The minimum future payments on this lease arrangement at June 30, 2019 were as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 157,078
2021	160,188
2022	<u>120,141</u>
Total	<u>\$ 437,407</u>

Total rent expense was \$183,671 and \$147,723 for the years ended June 30, 2019 and 2018, respectively.

NOTE 13 - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,948,561	\$ 975,337
Short-term investments	1,070,655	193,821
Grants receivable	3,170,943	1,284,802
Contributions receivable	<u>20,364</u>	<u>13,575</u>
	<u>\$ 9,210,523</u>	<u>\$ 2,467,535</u>

The Foundation had \$9,210,523 and \$2,467,535 of financial assets available within 1 year of the statement of financial position date, to meet cash needs for general expenditure. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Grants and contribution receivable may be subject to implied time or purpose restrictions, but are expected to be collected and available for general expenditures within one year. The Foundation has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14 - SUBSEQUENT EVENTS

Effective October 3, 2019, the Foundation finalized a grant agreement to transfer ownership of YWCA of the Mid-Peninsula donor advised fund, to the Philanthropic Ventures Foundation (PVF). As a result of this agreement, assets totaling \$4,113,200 at October 3, 2019 associated with the donor advised funds were transferred to PVF.

The Foundation has reviewed all events occurring from June 30, 2019 through October 31, 2019, the date the financial statements were available to be issued and no subsequent events occurred requiring accrual or disclosure.
