

THE WOMEN'S FOUNDATION OF CALIFORNIA

FINANCIAL STATEMENTS

June 30, 2018 and 2017

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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
STATEMENTS OF FUNCTIONAL EXPENSES.....	6
NOTES TO FINANCIAL STATEMENTS	8

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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe LLP

Crowe LLP

Sacramento, California
October 10, 2018

THE WOMEN'S FOUNDATION OF CALIFORNIA
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 975,337	\$ 1,877,200
Short-term investments	193,821	380,053
Grants receivable	1,284,802	1,651,964
Contributions receivable	13,575	477,005
Prepaid expenses	<u>54,002</u>	<u>39,121</u>
Total current assets	2,521,537	4,425,343
Grants and contributions receivable beyond one year, net	1,490,619	950,629
Interest in charitable remainder trusts	62,966	62,966
Property and equipment, net	69,808	3,985
Investments for long-term purposes	<u>6,830,700</u>	<u>6,820,996</u>
Total assets	<u>\$ 10,975,630</u>	<u>\$ 12,263,919</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 115,327	\$ 315,620
Grants payable	68,468	681,059
Accrued vacation liability	64,603	52,485
Line of credit	<u>-</u>	<u>150,000</u>
Total current liabilities	248,398	1,199,164
Grants payable beyond one year	-	49,999
Deferred rent	<u>30,943</u>	<u>29,946</u>
Total liabilities	<u>279,341</u>	<u>1,279,109</u>
Net assets:		
Unrestricted	6,216,235	5,120,709
Temporarily restricted	3,431,063	4,815,110
Permanently restricted	<u>1,048,991</u>	<u>1,048,991</u>
Total net assets	<u>10,696,289</u>	<u>10,984,810</u>
Total liabilities and net assets	<u>\$ 10,975,630</u>	<u>\$ 12,263,919</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:								
Grants	\$ 191,700	\$ 3,304,459	\$ -	\$ 3,496,159	\$ 275,272	\$ 2,554,979	\$ -	\$ 2,830,251
Contributions	630,730	47,491	-	678,221	1,188,573	2,035,212	-	3,223,785
In-kind contributions	-	-	-	-	68,000	-	-	68,000
Program income	62,606	23,200	-	85,806	162,306	40,100	-	202,406
Fundraising event income, net	-	-	-	-	-	52,138	-	52,138
Interest and dividend income	131,036	32,107	-	163,143	128,535	36,586	-	165,121
Realized and unrealized gains on investments	342,861	73,438	-	416,299	474,185	128,843	-	603,028
Other income	48,075	-	-	48,075	19,080	-	-	19,080
Net assets released from restriction	<u>4,864,742</u>	<u>(4,864,742)</u>	<u>-</u>	<u>-</u>	<u>4,581,999</u>	<u>(4,476,475)</u>	<u>(105,524)</u>	<u>-</u>
Total revenues, gains and other support	<u>6,271,750</u>	<u>(1,384,047)</u>	<u>-</u>	<u>4,887,703</u>	<u>6,897,950</u>	<u>371,383</u>	<u>(105,524)</u>	<u>7,163,809</u>
Expenses:								
Program services	4,181,315	-	-	4,181,315	4,465,526	-	-	4,465,526
Supporting services:								
Management and general	451,235	-	-	451,235	1,002,402	-	-	1,002,402
Resource development	<u>543,674</u>	<u>-</u>	<u>-</u>	<u>543,674</u>	<u>637,347</u>	<u>-</u>	<u>-</u>	<u>637,347</u>
Total expenses	<u>5,176,224</u>	<u>-</u>	<u>-</u>	<u>5,176,224</u>	<u>6,105,275</u>	<u>-</u>	<u>-</u>	<u>6,105,275</u>
Change in net assets	1,095,526	(1,384,047)	-	(288,521)	792,675	371,383	(105,524)	1,058,534
Net assets, beginning of year	<u>5,120,709</u>	<u>4,815,110</u>	<u>1,048,991</u>	<u>10,984,810</u>	<u>4,328,034</u>	<u>4,443,727</u>	<u>1,154,515</u>	<u>9,926,276</u>
Net assets, end of year	<u>\$ 6,216,235</u>	<u>\$ 3,431,063</u>	<u>\$ 1,048,991</u>	<u>\$ 10,696,289</u>	<u>\$ 5,120,709</u>	<u>\$ 4,815,110</u>	<u>\$ 1,048,991</u>	<u>\$ 10,984,810</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (288,521)	\$ 1,058,534
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,284	14,135
Realized and unrealized investment gains	(416,299)	(603,028)
Change in interest in charitable remainder trusts	-	(7,208)
Custodial Funds – Fiscal Sponsor	-	(36,925)
Changes in operating assets and liabilities:		
Receivables	290,602	348,960
Prepaid expenses	(14,881)	(25,530)
Grants payable	(662,590)	(584,559)
Deferred rent	997	5,309
Accounts payable and accrued expenses	<u>(187,021)</u>	<u>73,385</u>
Net cash (used in) provided by operating activities	<u>(1,264,429)</u>	<u>245,073</u>
Cash flows from investing activities:		
Purchases of investments	(687,885)	(321,982)
Proceeds from sale and maturities of investments	1,280,711	922,582
Acquisition of property and equipment	<u>(79,107)</u>	<u>-</u>
Net cash provided by investing activities	<u>513,719</u>	<u>600,600</u>
Cash flows from financing activities:		
Principal payments on lease liability	(1,153)	-
Principal payments on borrowings	<u>(150,000)</u>	<u>(200,000)</u>
Net cash used in financing activities	<u>(151,153)</u>	<u>(200,000)</u>
Net (decrease) increase in cash and cash equivalents	(901,863)	245,673
Cash and cash equivalents, beginning of year	<u>1,877,200</u>	<u>1,231,527</u>
Cash and cash equivalents, end of year	<u>\$ 975,337</u>	<u>\$ 1,877,200</u>

See accompanying notes to financial statements.

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	Resource M&G	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

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services						Supporting Services			Total
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Giving Circles*	Donor Advised Funds	Project Incubation*	Total	M&G	Resource Development	
Salaries and benefits	\$ 214,442	\$ 247,495	\$ 80,726	\$ 13,876	\$ 2,040	\$ 316,576	\$ 875,155	\$ 563,957	\$ 398,988	\$ 1,838,100
Consulting	261,444	270,795	125,486	83,078	480	210,537	951,820	278,987	44,947	1,275,754
Advertising	-	-	548	-	-	1,285	1,833	340	-	2,173
Media relations	2,379	-	3,976	-	-	95	6,450	-	-	6,450
Bad debt/discount expenses	-	-	-	-	-	-	-	3,339	3,981	7,320
Bank charges/business taxes	143	2,595	-	474	-	3,218	6,430	14,640	2,070	23,140
Board/staff gift expense	-	239	-	166	-	497	902	421	318	1,641
Community support	8,203	2,470	-	3,150	-	2,022	15,845	-	-	15,845
Copy expense	1,484	8	-	-	17	54	1,563	1,066	-	2,629
Delivery	340	33	-	-	-	12	385	468	384	1,237
Depreciation	-	-	-	-	-	-	-	14,135	-	14,135
Dues and subscriptions	698	7,552	378	849	-	265	9,742	3,548	739	14,029
Equipment, maintenance, leases, software	882	28,197	8,045	162	6	11,290	48,582	4,695	35,568	88,845
Interest expense	-	-	-	-	-	-	-	9,590	-	9,590
Investment fees	-	-	-	2,517	37,302	-	39,819	11,359	-	51,178
Liability insurance	548	532	134	(5)	-	774	1,983	5,196	731	7,910
Office supplies	10,868	2,112	1,479	3	22	5,100	19,584	7,915	3,875	31,374
Postage	15	-	-	-	1	266	282	1,759	819	2,860
Printing	767	50	23,176	393	-	2,876	27,262	2,347	16,109	45,718
Event/production expense	779	12,125	-	4,831	-	134,557	152,292	-	-	152,292
Rent	23,688	18,754	6,181	901	113	39,351	88,988	46,602	28,515	164,105
Staff development	87	3,525	839	-	-	1,040	5,491	1,640	530	7,661
Stipends	40,573	17,250	-	3,274	-	1,800	62,897	-	-	62,897
Telephone	3,270	2,629	580	138	13	4,331	10,961	3,800	2,486	17,247
Travel and meals	286,634	19,408	2,289	10,291	182	32,150	350,954	24,231	26,373	401,558
Workshops/conferences	1,710	142	-	761	-	549	3,162	178	2,913	6,253
Outgoing grants	-	723,466	-	362,000	200,750	340,000	1,626,216	-	-	1,626,216
Administrative fee	-	18,550	-	48,632	37,689	57,266	162,137	-	-	162,137
In-kind expense	-	-	-	-	-	-	-	-	68,000	68,000
Miscellaneous expense	-	-	-	-	-	(5,209)	(5,209)	2,189	1	(3,019)
Total functional expenses	\$ 858,954	\$ 1,377,927	\$ 253,837	\$ 535,491	\$ 278,615	\$ 1,160,702	\$ 4,465,526	\$ 1,002,402	\$ 637,347	\$ 6,105,275

Effective July 1, 2017, the Foundation phased out the Giving Circles and Project Incubation programs.

See accompanying notes to financial statements

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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 equity and strengthen the economic well-being of women and families in California by investing in and training women to be leaders in philanthropy and policy advocacy. The Foundation's activities are primarily supported by contributions and grants from individuals, private foundations and corporations.

Philanthropic Initiatives: The Foundation manages a number of grantmaking initiatives, funder collaboratives, giving circles and donor advised funds. Grants are made to exemplary nonprofit organizations that are removing barriers and creating opportunities for quality employment and career advancement; advancing women's reproductive health, rights and justice; and increasing civic participation in communities of color. The Foundation's giving circles offer individual donors a hands-on approach to philanthropy, resulting in more than \$15 million in grants to over 500 local nonprofit organizations over the past 18 years. The Foundation's various funding streams represent a powerful investment in the programs and people who advance gender equity and strengthen the economic well-being of women and their families. 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 440 advocates and local leaders and helped pass 30 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) Statement of Codification FASB ASC 958-210-45-1, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-45-1, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the absence or existence of donor-imposed restrictions.

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.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 - ACCOUNTING POLICIES (Continued)

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.

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 2018 and 2017, 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, 2018 and 2017.

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.

Restricted and Unrestricted Income: Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation reports 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, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 - ACCOUNTING POLICIES (Continued)

The Foundation reports gifts of property, equipment and securities as unrestricted support 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 restricted support. 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 temporarily restricted net assets and releases from restriction.

Board Designation and Purpose of Unrestricted Donor Advised Funds: 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 \$5,681,505 and \$5,523,192 as of June 30, 2018 and 2017, respectively. Effective June 26, 2015 the Board of Directors has designated the use of these unrestricted 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, 2018 and 2017

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, 2018 and 2017, 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 2014. 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, 2018 and 2017.

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>2018</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</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>

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 - INVESTMENTS (Continued)

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 128,535	\$ 36,586	\$ 165,121
Realized and unrealized gains (losses) on investments	474,185	128,843	603,028
Investment fees	<u>(51,178)</u>	<u>-</u>	<u>(51,178)</u>
Total investment income	<u>\$ 551,542</u>	<u>\$ 165,429</u>	<u>\$ 716,971</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, 2018 and 2017.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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:

	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>
	2017			
	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, 2017
Short-term investments	\$ 380,053	\$ -	\$ -	\$ 380,053
Equity securities:				
U.S. large cap	3,282,490	-	-	3,282,490
U.S. mid cap	754,901	-	-	754,901
U.S. small cap	224,819	-	-	224,819
International developed	828,583	-	-	828,583
Emerging markets	132,912	-	-	132,912
Fixed income securities:				
Investment grade taxable	-	1,597,291	-	1,597,291
	<u>\$ 5,603,758</u>	<u>\$ 1,597,291</u>	<u>\$ -</u>	<u>\$ 7,201,049</u>

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2018 and 2017, the investments listed in the fair value hierarchy table above use the following valuation technique and inputs:

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>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>
	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
<u>2017</u>			
Receivable in less than one year	\$ 1,651,964	\$ 492,665	\$ 2,144,629
Receivable in one to five years	<u>290,000</u>	<u>700,700</u>	<u>990,700</u>
Total receivable	<u>\$ 1,941,964</u>	<u>\$ 1,256,331</u>	3,135,329
Less unamortized discount			(40,071)
Less allowance for uncollectable pledges			<u>(15,660)</u>
Total grants and pledges receivable			<u>\$ 3,079,598</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, 2018 and 2017 was 1.01%.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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>2018</u>	<u>2017</u>
Furniture and equipment	\$ 30,759	\$ 27,751
Capitalized website costs	44,100	80,206
Equipment under capital lease	<u>25,583</u>	<u>26,276</u>
Total	100,442	134,233
Less: accumulated depreciation	<u>(30,634)</u>	<u>(130,248)</u>
Property and equipment, net	<u>\$ 69,808</u>	<u>\$ 3,985</u>

Total depreciation for the years ended June 30, 2018 and 2017 was \$13,284 and \$14,135, 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 \$500,000 which expired February 10, 2013 and subsequently renewed in August 2013, April 2014, and January 2018. The line of credit was most recently renewed for \$400,000 with a revised maturity of January 31, 2019. 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 4.84% at June 30, 2018. No amounts were outstanding at June 30, 2018 and \$150,000 was outstanding at June 30, 2017.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Policy advocacy	\$ 1,083,344	\$ 1,943,412
Philanthropic initiatives	711,159	1,073,332
Giving circle	-	419,239
Project incubation	368,805	908,342
Capacity building	-	343,738
Future operations	1,150,000	-
Endowment earnings	<u>117,755</u>	<u>127,047</u>
Total temporarily restricted net assets:	<u>\$ 3,431,063</u>	<u>\$ 4,815,110</u>

Net assets of \$4,864,742 and \$4,476,475 were released during 2018 and 2017, respectively, in accordance with the donors' intent.

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

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 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 permanently restricted net assets (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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are 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 the years ended June 30, 2018 and 2017 the Board of Directors appropriated \$85,800 and \$85,800 of the endowment balance for spending each year, respectively.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS (Continued)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</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>-</u>	<u>(85,800)</u>	<u>-</u>	<u>(85,800)</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 117,755</u>	<u>\$ 1,048,991</u>	<u>\$ 1,166,746</u>

The composition of and changes in endowment assets as of June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ -	\$ 104,875	\$ 1,154,515	\$ 1,259,390
Investment income, net	-	27,328	-	27,328
Net appreciation	-	80,644	-	80,644
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(85,800)</u>	<u>(105,524)</u>	<u>(191,324)</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 127,047</u>	<u>\$ 1,048,991</u>	<u>\$ 1,176,038</u>

The fair value of the invested assets assigned to donor restricted endowment net asset balances required to be maintained in perpetuity had no deficiency as of June 30, 2018 and 2017.

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 \$36,603 and \$36,479 during the years ended June 30, 2018 and 2017, respectively.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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 \$30,943 and \$29,946 as of June 30, 2018 and 2017, respectively.

The minimum future payments on this lease arrangement at June 30, 2018 were as follows:

<u>Years Ending</u>	<u>Amount</u>
2019	\$ 152,503
2020	157,078
2021	160,188
2022	<u>120,141</u>
Total	<u>\$ 589,910</u>

Total rent expense was \$147,723 and \$164,105 for the years ended June 30, 2018 and 2017, respectively.

NOTE 13 - SUBSEQUENT EVENTS

The Foundation has reviewed all events occurring from June 30, 2018 through October 10, 2018, the date the financial statements were available to be issued and no subsequent events occurred requiring accrual or disclosure.