

WOMEN'S
FOUNDATION
CALIFORNIA

FINANCIAL STATEMENTS
June 30, 2020 and 2019

THE WOMEN'S FOUNDATION OF CALIFORNIA

FINANCIAL STATEMENTS
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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, 2020 and 2019, 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, 2020 and 2019, 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 2 to the financial statements, the Foundation has adopted ASU 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.



Crowe LLP

Sacramento, California
October 23, 2020

THE WOMEN'S FOUNDATION OF CALIFORNIA
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,381,426	\$ 4,948,561
Short-term investments	59,574	1,070,655
Grants receivable	4,747,365	3,170,943
Contributions receivable	90,779	20,364
Prepaid expenses	<u>128,271</u>	<u>173,081</u>
Total current assets	11,407,415	9,383,604
Grants and contributions receivable beyond one year, net	4,018,282	2,144,494
Interest in charitable remainder trusts	62,966	62,966
Property and equipment, net	54,684	60,357
Investments for long-term purposes	<u>1,166,102</u>	<u>6,634,241</u>
Total assets	<u>\$ 16,709,449</u>	<u>\$ 18,285,662</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 382,446	\$ 504,305
Grants payable	42,000	186,000
Accrued vacation liability	161,099	74,432
Unearned revenue	<u>42,460</u>	<u>27,498</u>
Total current liabilities	<u>628,005</u>	<u>792,235</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,246,998	6,984,647
Board-designated	<u>835,500</u>	<u>650,000</u>
Total net assets without donor restrictions	4,082,498	7,634,647
With donor restrictions	<u>11,998,946</u>	<u>9,858,780</u>
Total net assets	<u>16,081,444</u>	<u>17,493,427</u>
Total liabilities and net assets	<u>\$ 16,709,449</u>	<u>\$ 18,285,662</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	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	\$ 762,189	\$ 11,417,548	\$ 12,179,737	\$ 821,584	\$ 10,812,119	\$ 11,633,703
Grants sponsored projects	-	-	-	-	799,000	799,000
Contributions	597,314	397,801	995,115	294,056	142,160	436,216
Program income	10,302	29,000	39,302	64,729	52,300	117,029
Fundraising event income, net	485,900	-	485,900	5,000	19,800	24,800
Interest and dividend income	99,601	29,667	129,268	165,348	32,749	198,097
Realized and unrealized gains on investments	160,699	54,532	215,231	299,054	46,085	345,139
Other income	-	-	-	16,780	-	16,780
Net assets released from restriction	<u>9,788,382</u>	<u>(9,788,382)</u>	<u>-</u>	<u>6,525,487</u>	<u>(6,525,487)</u>	<u>-</u>
Total revenues, gains and other support	<u>11,904,387</u>	<u>2,140,166</u>	<u>14,044,553</u>	<u>8,192,038</u>	<u>5,378,726</u>	<u>13,570,764</u>
Expenses:						
Program services	13,840,682	-	13,840,682	5,790,607	-	5,790,607
Supporting services:						
Management and general	625,696	-	625,696	501,969	-	501,969
Resource development	<u>990,158</u>	<u>-</u>	<u>990,158</u>	<u>481,050</u>	<u>-</u>	<u>481,050</u>
Total expenses	<u>15,456,536</u>	<u>-</u>	<u>15,456,536</u>	<u>6,773,626</u>	<u>-</u>	<u>6,773,626</u>
Change in net assets	(3,552,149)	2,140,166	(1,411,983)	1,418,412	5,378,726	6,797,138
Net assets, beginning 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>
Net assets, end of year	<u>\$ 4,082,498</u>	<u>\$ 11,998,946</u>	<u>\$ 16,081,444</u>	<u>\$ 7,634,647</u>	<u>\$ 9,858,780</u>	<u>\$ 17,493,427</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,411,983)	\$ 6,797,138
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,694	17,870
Realized and unrealized investment gains	(215,231)	(345,139)
Changes in operating assets and liabilities:		
Receivables	(3,520,625)	(2,546,805)
Prepaid expenses	44,810	(119,079)
Grants payable	(144,000)	117,532
Accounts payable and accrued expenses	(30,247)	403,544
Unearned revenue	<u>14,962</u>	<u>(3,445)</u>
Net cash (used in) provided by operating activities	<u>(5,238,620)</u>	<u>4,321,616</u>
Cash flows from investing activities:		
Purchases of investments	(732,820)	(953,138)
Proceeds from sale and maturities of investments	7,427,271	617,902
Acquisition of property and equipment	<u>(18,021)</u>	<u>(8,419)</u>
Net cash provided by (used in) investing activities	<u>6,676,430</u>	<u>(343,655)</u>
Cash flows from financing activities:		
Principal payments on lease liability	<u>(4,945)</u>	<u>(4,737)</u>
Net cash used in financing activities	<u>(4,945)</u>	<u>(4,737)</u>
Net change in cash and cash equivalents	1,432,865	3,973,224
Cash and cash equivalents, beginning of year	<u>4,948,561</u>	<u>975,337</u>
Cash and cash equivalents, end of year	<u>\$ 6,381,426</u>	<u>\$ 4,948,561</u>

See accompanying notes to financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services				Supporting Services			
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Donor Advised Funds	Total	M&G	Resource Development	Total
Salaries and benefits	\$ 1,156,881	\$ 269,214	\$ 411,013	\$ -	\$ 1,837,108	\$ 318,892	\$ 465,349	\$ 2,621,349
Consulting	342,486	1,536,308	491,845	-	2,370,639	63,793	92,898	2,527,330
Advertising	540	35	11,107	-	11,682	350	115	12,147
Bad debt/discount expenses	-	-	-	-	-	157,175	-	157,175
Bank charges/business taxes	-	815	-	-	815	15,426	5,265	21,506
Depreciation	10,189	1,659	3,317	-	15,165	3,080	5,449	23,694
Dues and subscriptions	2,319	702	1,300	-	4,321	986	250	5,557
Equipment, maintenance, leases, software	29,613	4,162	17,218	-	50,993	8,329	15,211	74,533
Interest expense	-	-	-	-	-	752	-	752
Investment fees	-	-	-	21,280	21,280	10,966	-	32,246
Liability insurance	3,046	496	992	-	4,534	921	1,629	7,084
Office supplies	14,751	1,052	53,920	-	69,723	1,802	4,188	75,713
Postage	2,406	437	4,732	-	7,575	645	1,787	10,007
Printing	2,897	238	4,150	45	7,330	958	3,319	11,607
Event/production expense	13,001	745	103,713	3,906	121,365	-	332,493	453,858
Rent	88,708	11,611	23,223	-	123,542	21,564	38,151	183,257
Staff development	7,093	2,585	6,313	-	15,991	6,917	3,564	26,472
Telephone	12,344	1,776	3,549	-	17,669	3,565	5,835	27,069
Travel and meals	271,976	47,930	17,632	523	338,061	9,539	14,632	362,232
Workshops/conferences	10,492	1,634	3,227	-	15,353	36	23	15,412
Outgoing grants	405,607	2,258,550	14,150	6,119,653	8,797,960	-	-	8,797,960
Administrative fee	-	-	-	9,576	9,576	-	-	9,576
Total functional expenses	<u>\$ 2,374,349</u>	<u>\$ 4,139,949</u>	<u>\$ 1,171,401</u>	<u>\$ 6,154,983</u>	<u>\$13,840,682</u>	<u>\$ 625,696</u>	<u>\$ 990,158</u>	<u>\$ 15,456,536</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>

See accompanying notes to financial statements

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020 and 2019

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 2020 and 2019, 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, 2020 and 2019.

Investments: Investments are reported at their fair values within 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 Revenue: Contributions and grants that are not considered exchange transactions, including pledges, are recognized in the period received. Conditional grants and contributions, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

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, 2020 and 2019

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, 2020 the Foundation's Board of Directors designated net assets to provide for operating reserves totaling \$835,500. At June 30, 2019 the Foundation's Board of Directors designated net assets to provide for operating reserves totaling \$650,000.

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 \$511 and \$5,742,103 as of June 30, 2020 and 2019, 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 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. During the year ended June 30, 2020, the YWCA of the Mid-Peninsula Donor Advised Fund was moved to a separate advisor and is no longer held and maintained by the Foundation. As such, at June 30, 2020, there was no remaining balance of the YWCA of the Mid-Peninsula Donor Advised Fund.

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. During the year ended June 30, 2020, the Smart Cookie Scholarship Fund was moved to a separate advisor and is no longer held and maintained by the Foundation. As such, at June 30, 2020, \$511 remained of the Smart Cookie Scholarship Fund.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 - ACCOUNTING POLICIES (Continued)

Grants to Others: Unconditional grants are recorded as expenses when they are approved by the Board of Directors or designated Foundation staff. Grants payable consist of unconditional grants awarded prior to the end of the fiscal year but not yet paid.

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, 2020 and 2019, 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 2016. 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, 2020 and 2019.

Recent Accounting Pronouncements: In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Foundation applied the amendments in this ASU for the year ended June 30, 2020.

The Foundation implemented ASU 2018-08 using a modified prospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

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>2020</u>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Total</u>
Interest and dividends	\$ 99,601	\$ 29,667	\$ 129,268
Realized and unrealized gains on investments	160,699	54,532	215,231
Investment fees	<u>(32,246)</u>	<u>-</u>	<u>(32,246)</u>
Total investment income	<u>\$ 228,054</u>	<u>\$ 84,199</u>	<u>\$ 312,253</u>

<u>2019</u>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Total</u>
Interest and dividends	\$ 165,348	\$ 32,749	\$ 198,097
Realized and unrealized gains 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>

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.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

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, 2020 and 2019.

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

	2020			
	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	\$ 59,574	\$ -	\$ -	\$ 59,574
Equity securities:				
U.S. large cap	583,450	-	-	583,450
U.S. mid cap	129,689	-	-	129,689
U.S. small cap	33,708	-	-	33,708
International developed	85,724	-	-	85,724
Emerging markets	13,854	-	-	13,854
Fixed income securities:				
Investment grade taxable	-	319,677	-	319,677
	<u>\$ 905,999</u>	<u>\$ 319,677</u>	<u>\$ -</u>	<u>\$ 1,225,676</u>

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

	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>

As of June 30, 2020 and 2019, 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.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

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>2020</u>			
Receivable in less than one year	\$ 4,747,365	\$ 90,779	\$ 4,838,144
Receivable in one to five years	<u>3,475,000</u>	<u>779,000</u>	<u>4,254,000</u>
Total receivable	<u>\$ 8,222,365</u>	<u>\$ 869,779</u>	<u>\$ 9,092,144</u>
Less unamortized discount			(114,057)
Less allowance for uncollectable pledges			<u>(121,661)</u>
Total grants and pledges receivable			<u>\$ 8,856,426</u>
	<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>	<u>\$ 5,414,344</u>
Less unamortized discount			(63,083)
Less allowance for uncollectable pledges			<u>(15,460)</u>
Total grants and pledges receivable			<u>\$ 5,335,801</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, 2020 and 2019 was 1.01%.

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.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 - PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 57,200	\$ 39,179
Capitalized website costs	44,100	44,100
Equipment under capital lease	<u>25,583</u>	<u>25,583</u>
Total	126,883	108,861
Less: accumulated depreciation	<u>(72,199)</u>	<u>(48,505)</u>
Property and equipment, net	<u>\$ 54,684</u>	<u>\$ 60,357</u>

Total depreciation for the years ended June 30, 2020 and 2019, was \$23,694 and \$17,870, respectively.

NOTE 8 - LINE OF CREDIT

The Foundation has a secured line of credit with a financial institution with an available credit line of up to \$400,000 with a scheduled maturity of November 5, 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 U.S Prime Rate plus 0.75%, which was 2.83% at June 30, 2020. At June 30, 2019, the Foundation had a line of credit with different financial institution which expired on January 30, 2020 and was replaced by the above credit line. The interest rate for the previous credit line bore interest at the LIBOR Daily Floating Rate plus 2.75%, or 5.13% at June 30, 2019. No amounts were outstanding on either credit line at June 30, 2020 or 2019.

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>2020</u>	<u>2019</u>
Policy advocacy	\$ 2,014,537	\$ 2,540,234
Philanthropic initiatives	4,147,043	4,487,249
Project incubation	-	154,364
Future operations	4,698,000	1,525,000
Endowment earnings	<u>90,375</u>	<u>102,942</u>
	10,949,955	8,809,789
Endowment (Note 10)	<u>1,048,991</u>	<u>1,048,991</u>
Total net assets with donor restriction:	<u>\$ 11,998,946</u>	<u>\$ 9,858,780</u>

Net assets of \$9,788,382 and \$6,525,487 were released during 2020 and 2019, respectively, in accordance with the donors' intent.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020 and 2019 the Board of Directors appropriated \$85,800 of the endowment balance for spending.

The composition of and changes in endowment assets as of June 30, 2020 are as follows:

	<u>Earning Assets</u>	<u>Endowment Corpus</u>	<u>Total Endowment Assets</u>
Endowment assets, beginning of year	\$ 102,942	\$ 1,048,991	\$ 1,151,933
Investment income, net	46,311	-	46,311
Net appreciation	26,921	-	26,921
Appropriation of endowment assets for expenditure	<u>(85,800)</u>	<u>-</u>	<u>(85,800)</u>
Endowment assets, end of year	<u>\$ 90,374</u>	<u>\$ 1,048,991</u>	<u>\$ 1,139,365</u>

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 fair value of the endowment corpus, which are required to be maintained in perpetuity, had no deficiency as of June 30, 2020 and 2019.

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THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 \$72,113 and \$53,016 during the years ended June 30, 2020 and 2019, respectively.

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 \$19,478 and \$27,498 as of June 30, 2020 and 2019, respectively.

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

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 160,188
2022	<u>120,141</u>
Total	<u>\$ 280,329</u>

Total rent expense was \$183,257 and \$183,671 for the years ended June 30, 2020 and 2019, respectively. Subsequent to June 30, 2020, the Foundation cancelled this lease agreement (Note 15).

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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,381,426	\$ 4,948,561
Investments	1,225,676	7,704,896
Grants and contributions receivable	8,856,426	5,335,801
Interest in charitable remainder trusts	<u>62,966</u>	<u>62,966</u>
	16,526,494	18,052,224
Less amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(11,998,946)	(9,858,780)
Board-designated net assets	<u>(835,500)</u>	<u>(650,000)</u>
	<u>(12,834,446)</u>	<u>(10,508,780)</u>
Financial assets available to meet general expenditure within one year	<u>\$ 3,692,048</u>	<u>\$ 7,543,444</u>

The Foundation had \$3,692,048 and \$7,543,444 of financial assets available within one year of the statement of financial position date, to meet cash needs for general expenditure. 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.

(Continued)

THE WOMEN'S FOUNDATION OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 14 - COVID-19 PANDEMIC IMPACT AND PAYCHECK PROTECTION PROGRAM LOAN

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced overseas and has since become a global pandemic resulting in socioeconomic disruption. The World Health Organization declared the COVID-19 outbreak to be a Public Health Emergency of International Concern on January 30, 2020 and recognized it as a pandemic on March 11, 2020.

Although not directly impacted through June 30, 2020, operations and business results of the Foundation could be materially adversely affected in the future, including a reduction in grant and contribution revenues, or an impact to the timing of cash flows. Further, some significant estimates, such as the fair market value of investments may be materially adversely impacted by national, state and local events necessary to contain the coronavirus. Throughout the pandemic, the Foundation has implemented safety measures to protect employees and will continue to revise them as needed.

In April 2020, the Foundation obtained a Paycheck Protection Program (PPP) Loan in connection with a program offered by the United States Small Business Administration (SBA), in the total amount of \$395,755. The Foundation is accounting for the PPP Loan as a conditional contribution under ASC 958-605. While formal forgiveness has not yet been obtained, the Foundation met substantially all of the conditions of PPP loan forgiveness, and therefore recorded contribution revenue in connection with the PPP Loan. The loan program's expenditures and results are subject to review and acceptance by the SBA and, as a result of such review, future adjustments could be required. If the SBA does not forgive any portion of the PPP loan, the remaining balance would have a two-year repayment period and the interest rate on the loan would be 1%.

NOTE 15 - SUBSEQUENT EVENTS

The Foundation has negotiated the cancellation of the lease for their office space located in Oakland, California, effective in November of 2020. Upon cancellation of their lease, the Foundation was relieved of their obligation for the remaining lease payments, except for cancellation expenses totaling approximately \$105,000. In connection with the cancellation of the lease, the Foundation also eliminated the remaining unamortized deferred rent, which totaled \$19,478 at June 30, 2020.

The Foundation has reviewed all events occurring from June 30, 2020 through October 23, 2020, the date the financial statements were available to be issued and no subsequent events occurred requiring accrual or disclosure, besides the lease cancellation described in the previous paragraph.