



**WOMEN'S
FOUNDATION
CALIFORNIA**

(a California Not-for-Profit Corporation)

**Financial Statements
For the Years Ended June 30, 2021 and 2020**

Together with Independent Auditors' Report

Women's Foundation California

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Women's Foundation California, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Women's Foundation California as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Women's Foundation California and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Women's Foundation California for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on October 23, 2020.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Women's Foundation California's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Women's Foundation California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Women's Foundation California's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dillwood Burkell & Millar, LLP

Santa Rosa, California
October 13, 2021

Women's Foundation California

Statements of Financial Position

As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 5,608,563	\$ 2,527,196
Restricted cash and cash equivalents	3,320,680	3,913,804
Grants and contribution receivable, current portion	4,447,000	4,838,144
Prepaid expenses	<u>67,052</u>	<u>128,271</u>
Total current assets	13,443,295	11,407,415
Grants and contributions receivable, net of current portion	3,647,778	4,018,282
Property and equipment, net	21,220	54,684
Interest in charitable remainder trusts	93,507	62,966
Investments	<u>3,399,807</u>	<u>1,166,102</u>
Total assets	<u><u>\$ 20,605,607</u></u>	<u><u>\$ 16,709,449</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 111,767	\$ 382,446
Accrued vacation liability	254,723	161,099
Grants payable	-	42,000
Deferred revenue	<u>-</u>	<u>42,460</u>
Total current liabilities	366,490	628,005
Net assets		
Without donor restrictions		
Undesignated	5,015,123	3,246,998
Board-designated	<u>1,000,000</u>	<u>835,500</u>
Total net assets without donor restrictions	6,015,123	4,082,498
With donor restrictions		
Temporarily restricted	10,041,612	10,949,955
Permanently restricted	<u>4,182,382</u>	<u>1,048,991</u>
Total net assets with donor restrictions	14,223,994	11,998,946
Total net assets	<u>20,239,117</u>	<u>16,081,444</u>
Total liabilities and net assets	<u><u>\$ 20,605,607</u></u>	<u><u>\$ 16,709,449</u></u>

See accompanying Notes to Financial Statements

Women's Foundation California

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants	\$ 198,481	\$ 9,596,045	\$ 9,794,526
Contributions	685,184	1,561,558	2,246,742
Investment income, net	4,565	450,011	454,576
Other income	78,762	-	78,762
Net assets released from restrictions	<u>9,382,566</u>	<u>(9,382,566)</u>	<u>-</u>
Total support and revenue	10,349,558	2,225,048	12,574,606
Expenses			
Program services	7,373,900	-	7,373,900
Management and general	403,468	-	403,468
Resource development	<u>639,565</u>	<u>-</u>	<u>639,565</u>
Total expenses	<u>8,416,933</u>	<u>-</u>	<u>8,416,933</u>
Changes in net assets	1,932,625	2,225,048	4,157,673
Net assets, beginning of year	<u>4,082,498</u>	<u>11,998,946</u>	<u>16,081,444</u>
Net assets, end of year	<u>\$ 6,015,123</u>	<u>\$ 14,223,994</u>	<u>\$ 20,239,117</u>

See accompanying Notes to Financial Statements

Women's Foundation California

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants	\$ 762,189	\$ 11,417,548	\$ 12,179,737
Contributions	597,314	397,801	995,115
Program income	10,302	29,000	39,302
Fundraising event income, net	485,900	-	485,900
Investment income, net	228,054	84,199	312,253
Net assets released from restrictions	<u>9,788,382</u>	<u>(9,788,382)</u>	<u>-</u>
Total support and revenue	11,872,141	2,140,166	14,012,307
Expenses			
Program services	13,819,402	-	13,819,402
Management and general	614,730	-	614,730
Resource development	<u>990,158</u>	<u>-</u>	<u>990,158</u>
Total expenses	<u>15,424,290</u>	<u>-</u>	<u>15,424,290</u>
Changes in net assets	(3,552,149)	2,140,166	(1,411,983)
Net assets, beginning of year	<u>7,634,647</u>	<u>9,858,780</u>	<u>17,493,427</u>
Net assets, end of year	<u>\$ 4,082,498</u>	<u>\$ 11,998,946</u>	<u>\$ 16,081,444</u>

See accompanying Notes to Financial Statements

Women's Foundation of California

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services				Management and General	Resource Development	Total
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Total			
Outgoing grants	\$ 425,500	\$ 4,003,146	\$ 99	\$ 4,428,745	\$ -	\$ -	\$ 4,428,745
Salaries and benefits	1,130,192	318,773	608,565	2,057,530	292,581	550,606	2,900,717
Consulting	82,187	271,145	276,936	630,268	64,764	17,050	712,082
Rent	45,719	12,895	24,618	83,232	11,723	22,273	117,228
Equipment and software	36,649	19,908	20,693	77,250	6,905	27,606	111,761
Telephone	13,997	3,948	7,682	25,627	3,589	6,819	36,035
Staff development	5,783	6,131	6,539	18,453	2,014	2,817	23,284
Depreciation	7,595	2,142	4,090	13,827	1,948	3,700	19,475
Loss on disposal of property	-	-	-	-	13,989	-	13,989
Program supplies	7,225	85	5,019	12,329	-	-	12,329
Office supplies	3,278	1,048	2,041	6,367	2,131	1,540	10,038
Liability insurance	2,614	737	1,408	4,759	670	1,274	6,703
Postage	2,015	847	1,090	3,952	399	1,144	5,495
Printing	1,579	445	850	2,874	416	1,109	4,399
Travel and meals	820	82	1,963	2,865	939	514	4,318
Bank charges and taxes	427	219	230	876	231	2,390	3,497
Dues and subscriptions	486	137	1,965	2,588	425	237	3,250
Workshops and conferences	114	817	392	1,323	-	100	1,423
Bad debt expense	-	935	-	935	-	-	935
Interest expense	-	-	-	-	534	-	534
Development supplies	-	-	-	-	-	386	386
Advertising	-	-	100	100	210	-	310
Total expenses	\$ 1,766,180	\$ 4,643,440	\$ 964,280	\$ 7,373,900	\$ 403,468	\$ 639,565	\$ 8,416,933

See accompanying Notes to Financial Statements

Women's Foundation of California

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services				Total	Management and General	Resource Development	Total
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Donor Advised Funds				
Outgoing grants	\$ 405,607	\$ 2,258,550	\$ 14,150	\$ 6,119,653	\$ 8,797,960	\$ -	\$ -	\$ 8,797,960
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
Event/production expense	13,001	745	103,713	3,906	121,365	-	332,493	453,858
Travel and meals	271,976	47,930	17,632	523	338,061	9,539	14,632	362,232
Rent	88,708	11,611	23,223	-	123,542	21,564	38,151	183,257
Bad debt	-	-	-	-	-	157,175	-	157,175
Office supplies	14,751	1,052	53,920	-	69,723	1,802	4,188	75,713
leases, and software	29,613	4,162	17,218	-	50,993	8,329	15,211	74,533
Telephone	12,344	1,776	3,549	-	17,669	3,565	5,835	27,069
Staff development	7,093	2,585	6,313	-	15,991	6,917	3,564	26,472
Depreciation	10,189	1,659	3,317	-	15,165	3,080	5,449	23,694
Bank charges	-	815	-	-	815	15,426	5,265	21,506
Workshops/conferences	10,492	1,634	3,227	-	15,353	36	23	15,412
Advertising	540	35	11,107	-	11,682	350	115	12,147
Printing	2,897	238	4,150	45	7,330	958	3,319	11,607
Postage	2,406	437	4,732	-	7,575	645	1,787	10,007
Administrative fee	-	-	-	9,576	9,576	-	-	9,576
Liability insurance	3,046	496	992	-	4,534	921	1,629	7,084
Dues and subscriptions	2,319	702	1,300	-	4,321	986	250	5,557
Interest expense	-	-	-	-	-	752	-	752
Total expenses	\$ 2,374,349	\$ 4,139,949	\$ 1,171,401	\$ 6,133,703	\$ 13,819,402	\$ 614,730	\$ 990,158	\$ 15,424,290

See accompanying Notes to Financial Statements

Women's Foundation California

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<i>Increase (decrease) in cash and cash equivalents</i>	
Cash flows from operating activities		
Changes in net assets	\$ 4,157,673	\$ (1,411,983)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	19,475	23,694
Realized and unrealized investment gains	(389,930)	(215,231)
Loss on disposal of property	13,989	-
Increase in interest in charitable remainder trusts	(30,541)	-
Decrease (increase) in operating assets		
Receivables	761,648	(3,520,625)
Prepaid expenses	61,219	44,810
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(177,055)	(30,247)
Grants payable	(42,000)	(144,000)
Deferred revenue	(42,460)	14,962
	<u>4,332,018</u>	<u>(5,238,620)</u>
Net cash provided by (used in) operating activities		
	4,332,018	(5,238,620)
Cash flows from investing activities		
Purchases of investments	(1,934,456)	(732,820)
Proceeds from sale and maturities of investments	90,681	7,486,845
Acquisition of property and equipment	-	(18,021)
	<u>(1,843,775)</u>	<u>6,736,004</u>
Net cash provided by (used in) investing activities		
	(1,843,775)	6,736,004
Cash flows from financing activities		
Principal payments on lease liability	-	(4,945)
	<u>-</u>	<u>(4,945)</u>
Net cash used in financing activities		
	-	(4,945)
Net increase in cash and cash equivalents	2,488,243	1,492,439
Cash and cash equivalents, beginning of year	<u>6,441,000</u>	<u>4,948,561</u>
Cash and cash equivalents, end of year	<u>\$ 8,929,243</u>	<u>\$ 6,441,000</u>
Unrestricted cash and cash equivalents	\$ 5,608,563	\$ 2,527,196
Restricted cash and cash equivalents	3,320,680	3,913,804
Total cash and cash equivalents	<u>\$ 8,929,243</u>	<u>\$ 6,441,000</u>

See accompanying Notes to Financial Statements

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Activities

The Women's Foundation of California (the "Foundation") is a California not-for-profit corporation. The Foundation is a state-wide 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. 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 Solís Policy Institute (SPI) 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. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets with donor restrictions - The Foundation reports contributions, gifts of cash and other assets are 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 classified to net assets without donor restrictions in the Statement of Activities and Changes in Net Assets.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Significant Accounting Policies, *continued*

Basis of Presentation, *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 donor 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 from restrictions within the same year are recorded as net assets with donor restrictions, and released from restrictions as the restrictions expire.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed, in which case they would be reported as restricted cash and cash equivalents on the Statements of Financial Position. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured amounts during the year. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

As of June 30, 2021 and 2020, the Foundation held cash and cash equivalents received from donors who placed purpose or time restrictions on their use.

Investments

Investments, which include equity securities, fixed income securities, government securities, corporate bonds and alternative investments are carried at fair value. Unrealized gains and losses are included in the Statement of Activities and Changes in Net Assets.

Realized and unrealized gains and losses are reflected as an 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 and losses are calculated using the “High Cost First Out” method.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Significant Accounting Policies, *continued*

Fair Value Measurements

Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Valuations based on quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2: Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.
- Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises received in future period and are recognized as revenue in the year the promise is made by the donor. 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 recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are made. Amortization of the discount is included in contribution revenue in the Statements of Activities and Changes in Net Assets. Management uses the allowance method for recording uncollectable receivables. The amount of the allowance is determined based on past experience and periodic review of outstanding grants and pledges receivable.

Property and Equipment

It is the Foundation's policy to capitalize all property and equipment with an original cost of \$1,500 or more. Property and equipment are stated on the basis of cost, or in the case of donated items, on a basis of fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Significant Accounting Policies, *continued*

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Grants and Contributions Revenue

Grants and contributions 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 received in exchange for services provided are recognized as revenue when earned. Grants received but not yet earned are reported as deferred revenue on the Statement of Financial Position.

In-kind Contributions

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

Functional Expense Allocation

Expenses are charged to programs and supporting services on the basis of direct expenditures incurred. Resource development expenditures include all fundraising activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Advertising Expense

Advertising costs associated with the Foundation's promotion, various campaigns and special event fundraising are expensed as incurred. The Foundation incurred advertising expenses in the amount of \$310 and \$12,147 for the years ended June 30, 2021 and 2020, respectively.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Significant 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.

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 based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of grants and contributions receivable, fair market value of alternative investment, and depreciable lives of property and improvements. Actual results could differ from those estimates.

Income Taxes

The Foundation is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt status by the Internal Revenue Service and the California Revenue and Taxation Code. These exemptions are subject to periodic review by the taxing authorities. As of June 30, 2021 and 2020, the Foundation has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. In the opinion of management, there is no unrelated business income subject to income taxes.

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, 2021 and 2020, 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's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Significant Accounting Policies, *continued*

Endowment Funds

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.

Spending policy – In accordance with UPMIFA, 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 year ended June 30, 2021, the Board of Directors appropriated \$559,684 of the endowment balance for spending. The funds were not transferred out of the endowment fund as of June 30, 2021. During the year ended June 30, 2020, the Board of Directors appropriated and transferred to operating fund \$85,800 of the endowment balance for spending.

Investment policy – The Foundation's investment policy for endowment funds is designed to preserve principal while earning returns relative to the overall market consistent with a prudent level of risk.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Net unrealized losses on permanently restricted endowment funds are classified as a reduction to unrestricted net assets until such time as the fair value equals or exceeds book value.

The fair value of the permanently restricted endowment fund, which is required to be maintained in perpetuity, had no deficiency as of June 30, 2021 and 2020.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, *continued*

Pronouncements Effective in the Future

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to increase transparency and comparability among organizations by requiring contributed nonfinancial assets to be presented as a separate line item in the statement of activities, and additional disclosures. The adoption of ASU 2020-07 is effective for the Foundation beginning July 1, 2021. The Foundation is currently evaluating the impact of the provisions of ASU 2020-07 on the financial statements.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

Note 3. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets reduced by amounts not available for general use because of contractual, donor imposed or board designated restrictions within one year of the balance sheet date, as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,929,243	\$ 6,441,000
Investments	3,399,807	1,166,102
Grants and contributions receivable	8,094,778	8,856,426
Interest in charitable remainder trusts	<u>93,507</u>	<u>62,966</u>
Total financial assets, at year end	20,517,335	16,526,494
Less those unavailable for general expenditures within one year, due to:		
Donor restricted funds	(14,223,994)	(11,998,946)
Board-designated funds	<u>(1,000,000)</u>	<u>(835,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,293,341</u>	<u>\$ 3,692,048</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Foundation has available a revolving line of credit of \$400,000 further discussed in Note 9.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 4. Investments

Investments stated at fair value as of June 30 include the following:

	2021		2020	
	Cost	Fair Market Value	Cost	Fair Market Value
Equity securities:				
Domestic	\$ 1,135,716	\$ 1,606,654	\$ 548,900	\$ 746,847
International	27,034	60,997	72,234	85,724
Mutual funds:				
Exchange traded funds	432,704	520,019	-	-
High yield bond	250,025	251,085	-	-
Emerging markets	14,991	19,009	14,991	13,854
Fixed income securities:				
Corporate bonds	230,381	238,074	311,572	319,677
Government bonds	603,046	603,750	-	-
Alternative investments	100,219	100,219	-	-
	<u>\$ 2,794,116</u>	<u>\$ 3,399,807</u>	<u>\$ 947,697</u>	<u>\$ 1,166,102</u>

Investment income for the year ended June 30, 2021 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 15,482	\$ 30,478	\$ 45,960
Realized and unrealized gains on investments	938	419,533	420,471
Investment fees	<u>(3,678)</u>	<u>(8,177)</u>	<u>(11,855)</u>
Investment income, net	<u>\$ 12,742</u>	<u>\$ 441,834</u>	<u>\$ 454,576</u>

Investment income for the year ended June 30, 2020 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
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>
Investment income, net	<u>\$ 228,054</u>	<u>\$ 84,199</u>	<u>\$ 312,253</u>

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 5. Fair Value Measurements

The following table presents the Foundation's financial assets that are measured at fair value on a recurring basis as of June 30, 2021:

	Quoted Price (Level 1)	Significant Observable Inputs (Level 2)	(Level 3)	Total
Assets:				
Equity securities:				
Domestic	1,606,118	-	-	1,606,118
International	60,997	-	-	60,997
Mutual funds:				
Exchange traded funds	520,019	-	-	520,019
High Yield Bond	251,085	-	-	251,085
Emerging markets	19,009	-	-	19,009
Fixed income securities:				
Corporate bonds	-	238,074	-	238,074
Government bonds	-	603,750	-	603,750
Alternative investments	-	-	100,219	100,219

The following table presents the Foundation's financial assets that are measured at fair value on a recurring basis as of June 30, 2020:

	Quoted Price (Level 1)	Significant Observable Inputs (Level 2)	(Level 3)	Total
Assets:				
Equity securities:				
Domestic	746,847	-	-	746,847
International	85,724	-	-	85,724
Mutual funds:				
Emerging markets	13,854	-	-	13,854
Fixed income securities:				
Corporate bonds	-	319,677	-	319,677

The value of the alternative investment represents the face value of a subordinate risk capital note receivable from an unrelated California not-for-profit organization. This note receivable bears interest at 5% per annum, due within 60 days of its maturity date of June 30, 2026. The note has no liquidity available until its maturity date.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 6. Grants and Contributions Receivable

Grants and contributions receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Grants receivable	\$ 7,475,000	\$ 8,222,365
Contributions receivable	<u>784,350</u>	<u>869,779</u>
	8,259,350	9,092,144
Less: allowance for doubtful accounts	(75,360)	(121,661)
Less: unamortized discount	<u>(89,212)</u>	<u>(114,057)</u>
	<u>\$ 8,094,778</u>	<u>\$ 8,856,426</u>

Grants and contributions are expected to be collected according to the following schedule for the years ending June 30:

2022	\$ 4,447,000
2023	2,026,325
2024	1,016,053
2025	11,636
Thereafter	<u>593,764</u>
	<u>\$ 8,094,778</u>

Note 7. Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 28,155	\$ 57,200
Capitalized website costs	44,100	44,100
Equipment under capital lease	<u>-</u>	<u>25,583</u>
	72,225	126,883
Less: accumulated depreciation	<u>(51,035)</u>	<u>(72,199)</u>
	<u>\$ 21,220</u>	<u>\$ 54,684</u>

Depreciation expense totaled \$19,475 and \$23,694 for the years ended June 30, 2021 and 2020, respectively.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 8. 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. The Foundation's interest in the charitable remainder trust amounted to \$93,507 and \$62,966 at the years ended June 30, 2021 and 2020, respectively.

Note 9. 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 4, 2021. 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% (4% at June 30, 2021), but no less than 4% per annum. No amounts were outstanding on credit line at June 30, 2021 or 2020.

Note 10. Government Forgivable Loan and Grant Revenue

In April 2020, the Foundation applied for and received a Paycheck Protection Program ("PPP") loan in the amount of \$395,755 through the Small Business Administration in relation to the coronavirus pandemic (See Note 16). The loan bears annual interest of 1% and matures 2 years from issuance with payments deferred for the first 10 months. The loan is a forgivable loan if certain criteria are met. Management had reasonable assurance the Foundation would meet the criteria for partial forgiveness of the loan and recognized \$322,774 as government grant revenue for the year ended June 30, 2020.

In June 2021 the loan was forgiven in full. The Foundation reported the remaining loan balance of \$22,981 as government grants on the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021.

Note 11. Net Assets

Net Assets without Donor Restrictions

All general operating revenues and expenses related to the program activities of the Foundation are included in the change in net assets without donor restrictions. From time to time donations received without donor restrictions are designated by the Foundation board as board designated funds. The board-designated funds consist of funds with no donor or legal restrictions but, through board resolutions, have been set aside for specific purposes. As of June 30, 2021 and 2020, the Foundation's Board of Directors designated net assets to provide for operating reserves totaling \$1,000,000 and \$835,500, respectively.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 11. Net Assets, *continued*

Net Assets with Temporary Donor Restrictions

Net assets with donor restrictions are released from restriction when the purposes of the restrictions are met. Net assets released from purpose restrictions amounted to \$9,382,566 and \$9,788,382 for the years ended June 30, 2021 and 2020, respectively.

Net assets with temporary donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Policy advocacy	\$ 1,025,426	\$ 2,014,537
Philanthropic initiatives	4,896,501	4,147,043
Future operations	3,618,016	4,698,000
Endowment funds	501,669	90,375
	<u>\$10,041,612</u>	<u>\$10,949,955</u>

Net assets with temporary donor restrictions are included on the Statement of Financial Position at June 30 as follows:

	<u>2021</u>	<u>2020</u>
Restricted cash and equivalents	\$ 3,275,404	\$ 3,913,804
Grants and contributions receivable	5,400,000	6,856,074
Investments	1,272,701	117,111
Interest in charitable remainder trust	93,507	62,966
	<u>\$10,041,612</u>	<u>\$10,949,955</u>

Net Assets with Permanent Donor Restrictions

Net assets with permanent donor restrictions consist of endowment funds permanently restricted by donors. Permanently restricted net assets totaled \$4,182,382 and \$1,048,991 at June 30, 2021 and 2020, respectively. Net assets with permanent donor restrictions are included on the Statement of Financial Position at June 30 as follows:

	<u>2021</u>	<u>2020</u>
Grants and contributions receivable	\$ 2,010,000	\$ -
Investments	2,127,106	1,048,991
Cash and cash equivalents	45,276	-
	<u>\$ 4,182,382</u>	<u>\$ 1,048,991</u>

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 12. Endowment

The composition and activities of the Foundation's endowment fund as of and for the year ended June 30, 2021 and 2020 are as follows:

	With Temporary Restrictions	With Permanent Restrictions	Total Endowment
Endowment fund balance, as of July 1, 2019	\$ 102,942	\$ 1,048,991	\$ 1,151,933
Investment income, net	46,311	-	46,311
Unrealized gains	26,921	-	26,921
Appropriation of endowment assets for expenditure	<u>(85,800)</u>	<u>-</u>	<u>(85,800)</u>
Endowment fund balance, as of June 30, 2020	90,374	1,048,991	1,139,365
Investment income, net	78,244	-	78,244
Unrealized gains	333,051	-	333,051
Current year additions	<u>-</u>	<u>3,133,391</u>	<u>3,133,391</u>
Endowment fund balance, as of June 30, 2021	<u>\$ 501,669</u>	<u>\$ 4,182,382</u>	<u>\$ 4,684,051</u>

The Foundation's endowment fund consist of the following assets at June 30:

	<u>2021</u>	<u>2020</u>
Investments	\$ 2,114,367	\$ 1,139,365
Grants and contributions receivable	2,010,000	-
Cash and cash equivalents	<u>559,684</u>	<u>-</u>
	<u>\$ 4,684,051</u>	<u>\$ 1,139,365</u>

Note 13. Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash deposits and investments maintained in excess of Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") limits throughout the year. At June 30, 2021, the Foundation held deposits of approximately \$7,500,000 in excess of FDIC limit and approximately \$230,000 in excess of SIPC limit. At June 30, 2020, the Foundation had approximately \$4,600,000 in excess of FDIC limit and approximately \$780,000 in excess of SIPC insurance limit.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 14. 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 \$80,714 and \$72,113 during the years ended June 30, 2021 and 2020, respectively.

Note 15. Related Party Transactions

During the year ended June 30, 2021, the Foundation awarded \$50,000 in grants to non-profit organizations related to board members. There were no related party transactions during the year ended June 30, 2020.

Note 16. Contingency

On March 11, 2020, The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

Although not directly impacted through June 30, 2021, 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 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 review them as needed.

It is at least reasonably possible that this matter will negatively impact the Foundation. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 17. Subsequent Events

The Foundation evaluated subsequent events from July 1, 2021 through October 13, 2021, the date at which the financial statements were available to be issued, and determined that there are no material subsequent events that required recognition or additional disclosure in these financial statements.