



**WOMEN'S
FOUNDATION
CALIFORNIA**

(a California Not-for-Profit Corporation)

**Financial Statements
For the Years Ended June 30, 2022 and 2021**

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 statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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.

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 one year after the date that the financial statements are available to be 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 12, 2022

Women's Foundation California

Statements of Financial Position

As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 7,714,677	\$ 5,608,563
Restricted cash and cash equivalents	1,227,454	3,320,680
Grants and contributions receivable, current portion, net	4,883,074	4,447,000
Prepaid expenses	<u>91,986</u>	<u>67,052</u>
Total current assets	13,917,191	13,443,295
Grants and contributions receivable, net of current portion	2,307,720	3,647,778
Investments	4,106,140	3,399,807
Interest in charitable remainder trusts	56,240	93,507
Property and equipment, net	<u>5,137</u>	<u>21,220</u>
Total assets	<u><u>\$ 20,392,428</u></u>	<u><u>\$ 20,605,607</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 45,647	\$ 33,135
Accrued vacation liability	403,563	254,723
Other accrued liabilities	<u>110,831</u>	<u>78,632</u>
Total current liabilities	560,041	366,490
Net assets		
Without donor restrictions		
Undesignated	7,053,678	5,015,123
Board-designated	<u>1,000,000</u>	<u>1,000,000</u>
Total net assets without donor restrictions	8,053,678	6,015,123
With donor restrictions		
Temporarily restricted	7,166,755	10,041,612
Permanently restricted	<u>4,611,954</u>	<u>4,182,382</u>
Total net assets with donor restrictions	11,778,709	14,223,994
Total net assets	<u>19,832,387</u>	<u>20,239,117</u>
Total liabilities and net assets	<u><u>\$ 20,392,428</u></u>	<u><u>\$ 20,605,607</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants	\$ 999,696	\$ 8,563,846	\$ 9,563,542
Contributions	813,776	30,137	843,913
Investment loss, net	(190,968)	(584,337)	(775,305)
Other income	41,957	-	41,957
Net assets released from restrictions	<u>10,454,931</u>	<u>(10,454,931)</u>	<u>-</u>
Total support and revenue	12,119,392	(2,445,285)	9,674,107
Expenses			
Program services	8,835,390	-	8,835,390
Management and general	440,756	-	440,756
Resource development	<u>804,691</u>	<u>-</u>	<u>804,691</u>
Total expenses	<u>10,080,837</u>	<u>-</u>	<u>10,080,837</u>
Changes in net assets	2,038,555	(2,445,285)	(406,730)
Net assets, beginning of year	<u>6,015,123</u>	<u>14,223,994</u>	<u>20,239,117</u>
Net assets, end of year	<u>\$ 8,053,678</u>	<u>\$ 11,778,709</u>	<u>\$ 19,832,387</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 of California

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services				Management and General	Resource Development	Total
	Policy Advocacy	Philanthropic Initiatives	Strategic Communications	Total			
Outgoing grants	\$ 360,500	\$ 5,052,693	\$ -	\$ 5,413,193	\$ -	\$ -	\$ 5,413,193
Salaries and benefits	1,480,726	407,200	777,381	2,665,307	332,952	703,343	3,701,602
Consulting	67,702	208,460	176,375	452,537	60,311	16,150	528,998
Equipment and software	37,737	15,469	40,907	94,113	7,823	25,088	127,024
Program supplies	62,176	44	20,976	83,196	-	-	83,196
Dues and subscriptions	298	11,170	1,656	13,124	8,292	20,212	41,628
Telephone	10,375	2,853	5,455	18,683	2,334	4,928	25,945
Staff development	9,222	3,086	5,267	17,575	2,075	4,381	24,031
Community initiatives	-	7,150	-	7,150	14,424	1,500	23,074
Rent	8,861	2,437	5,057	16,355	1,994	4,209	22,558
Depreciation	6,433	1,769	3,378	11,580	1,447	3,056	16,083
Travel and meals	4,153	2,165	3,390	9,708	1,890	3,007	14,605
Office supplies	4,667	1,283	2,996	8,946	2,236	2,219	13,401
Advertising	-	-	12,226	12,226	420	-	12,646
Bank charges and taxes	-	30	150	180	3,381	5,939	9,500
Printing	190	52	100	342	43	8,368	8,753
Liability insurance	2,746	755	1,442	4,943	618	1,305	6,866
Workshops and conferences	125	1,846	3,234	5,205	150	244	5,599
Postage	495	128	404	1,027	366	257	1,650
Development supplies	-	-	-	-	-	485	485
Total expenses	\$ 2,056,406	\$ 5,718,590	\$ 1,060,394	\$ 8,835,390	\$ 440,756	\$ 804,691	\$ 10,080,837

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
Advertising	-	-	100	100	210	386	696
Interest expense	-	-	-	-	534	-	534
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 California

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<i>Increase (decrease) in cash and cash equivalents</i>	
Cash flows from operating activities		
Changes in net assets	\$ (406,730)	\$ 4,157,673
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	16,083	19,475
Realized and unrealized investment losses (gains)	785,014	(389,930)
Loss on disposal of property	-	13,989
Decrease (increase) in interest in charitable remainder trusts	37,267	(30,541)
Decrease (increase) in operating assets		
Receivables	903,984	761,648
Prepaid expenses	(24,934)	61,219
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	193,551	(177,055)
Grants payable	-	(42,000)
Deferred revenue	-	(42,460)
	<u>1,504,235</u>	<u>4,332,018</u>
Net cash provided by operating activities		
	1,504,235	4,332,018
Cash flows from investing activities		
Purchases of investments	(1,765,610)	(1,934,456)
Proceeds from sale and maturities of investments	<u>274,263</u>	<u>90,681</u>
	<u>(1,491,347)</u>	<u>(1,843,775)</u>
Net cash used in investing activities		
	(1,491,347)	(1,843,775)
Net increase in cash and cash equivalents	12,888	2,488,243
Cash and cash equivalents, beginning of year	<u>8,929,243</u>	<u>6,441,000</u>
Cash and cash equivalents, end of year	<u>\$ 8,942,131</u>	<u>\$ 8,929,243</u>
Unrestricted cash and cash equivalents	\$ 7,714,677	\$ 5,608,563
Restricted cash and cash equivalents	<u>1,227,454</u>	<u>3,320,680</u>
Total cash and cash equivalents	<u>\$ 8,942,131</u>	<u>\$ 8,929,243</u>

See accompanying Notes to Financial Statements

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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 grant making 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, SPI 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 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 the purpose of restrictions is accomplished, the associated net assets with donor restrictions are reclassified as net assets without donor restrictions in the Statements of Activities and Changes in Net Assets.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021 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 Statements 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, 2022 and 2021

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 to be 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, 2022 and 2021

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 Statements of Financial Position.

In-kind Contributions

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation at programming events and fundraising activities; however, these donated services are not reflected in the financial statements as the services do not require specialized skills.

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 Foundation adopted the ASU beginning July 1, 2021. The adoption of ASU 2020-07 has no material impact on the Foundation's financial statements.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

Note 2. Significant Accounting Policies, *continued*

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 \$12,646 and \$696 for the years ended June 30, 2022 and 2021, respectively.

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.

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021

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, 2022, no portion of the endowment fund was appropriated for spending. During the year ended June 30, 2021, the Board of Directors appropriated and transferred to operating fund \$559,684 of the endowment balance for spending. The funds were not transferred out of the endowment fund as of June 30, 2022.

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, 2022 and 2021.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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

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.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,942,131	\$ 8,929,243
Investments	4,106,140	3,399,807
Grants and contributions receivable	7,190,794	8,094,778
Interest in charitable remainder trusts	<u>56,240</u>	<u>93,507</u>
Total financial assets, at year end	20,295,305	20,517,335
Less those unavailable for general expenditures within one year, due to:		
Donor restricted funds	(11,778,709)	(14,223,994)
Board-designated funds	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,516,596</u>	<u>\$ 5,293,341</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, 2022 and 2021

Note 4. Investments

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

	2022		2021	
	Cost	Fair Market Value	Cost	Fair Market Value
Equity securities:				
Domestic	\$ 1,063,343	\$ 1,232,717	\$ 1,135,716	\$ 1,606,654
International	310,880	252,807	27,034	60,997
Mutual funds:				
Exchange traded funds	432,704	427,299	432,704	520,019
High yield bond	250,025	206,585	250,025	251,085
Emerging markets	14,991	14,578	14,991	19,009
Fixed income securities:				
Corporate bonds	156,432	141,197	230,381	238,074
Government bonds	1,790,889	1,628,478	603,046	603,750
Alternative investments	202,479	202,479	100,219	100,219
	<u>\$ 4,221,743</u>	<u>\$ 4,106,140</u>	<u>\$ 2,794,116</u>	<u>\$ 3,399,807</u>

Investment income for the year ended June 30, 2022 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 33,164	\$ 53,291	\$ 86,455
Realized gains (losses)	7,513	(79,683)	(72,170)
Unrealized losses	(185,599)	(527,245)	(712,844)
Investment fees	<u>(46,046)</u>	<u>(30,700)</u>	<u>(76,746)</u>
Investment loss, net	<u>\$ (190,968)</u>	<u>\$ (584,337)</u>	<u>\$ (775,305)</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 15,482	\$ 30,478	\$ 45,960
Realized gains	1,970	53,971	55,941
Unrealized gains (losses)	(1,032)	365,562	364,530
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>

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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, 2022:

	Quoted Price (Level 1)	Significant Observable Inputs (Level 2)	(Level 3)	Total
Assets:				
Equity securities:				
Domestic	\$ 1,232,717	\$ -	\$ -	\$ 1,232,717
International	252,807	-	-	252,807
Mutual funds:				
Exchange traded funds	427,299	-	-	427,299
High Yield Bond	206,585	-	-	206,585
Emerging markets	14,578	-	-	14,578
Fixed income securities:				
Corporate bonds	-	141,197	-	141,197
Government bonds	-	1,628,478	-	1,628,478
Alternative investments	-	-	202,479	202,479

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 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, 2022 and 2021

Note 6. Grants and Contributions Receivable

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

	<u>2022</u>	<u>2021</u>
Grants receivable	\$ 6,658,875	\$ 7,475,000
Contributions receivable	<u>772,962</u>	<u>784,350</u>
	7,431,837	8,259,350
Less: allowance for doubtful accounts	(55,160)	(75,360)
Less: unamortized discount	<u>(185,883)</u>	<u>(89,212)</u>
	<u>\$ 7,190,794</u>	<u>\$ 8,094,778</u>

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

2023	\$ 4,866,186
2024	1,826,875
2025	12,000
2026	12,000
Thereafter	<u>714,776</u>
	<u>\$ 7,431,837</u>

Note 7. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 28,155	\$ 28,155
Capitalized website costs	<u>44,100</u>	<u>44,100</u>
	72,255	72,225
Less: accumulated depreciation	<u>(67,118)</u>	<u>(51,035)</u>
	<u>\$ 5,137</u>	<u>\$ 21,220</u>

Depreciation expense totaled \$16,083 and \$19,475 for the years ended June 30, 2022 and 2021, respectively.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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 \$56,240 and \$93,507 for the years ended June 30, 2022 and 2021, 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 13, 2022. 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 1.25% (4.75% at June 30, 2022), but no less than 4% per annum. No amounts were outstanding on credit line at June 30, 2022 and 2021.

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. 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, 2022 and 2021, the Foundation's Board of Directors designated net assets to provide for operating reserves totaling \$1,000,000.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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 \$10,454,931 and \$9,382,566 for the years ended June 30, 2022 and 2021, respectively. Net assets with temporary donor restrictions consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Policy advocacy	\$ 453,597	\$ 1,025,426
Philanthropic initiatives	3,100,520	4,896,501
Future operations	3,658,110	3,618,016
Endowment funds	(45,472)	501,669
	<u>\$ 7,166,755</u>	<u>\$10,041,612</u>

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

	<u>2022</u>	<u>2021</u>
Restricted cash and equivalents	\$ 1,227,454	\$ 3,275,404
Grants and contributions receivable	5,388,875	5,400,000
Investments	494,186	1,272,701
Interest in charitable remainder trust	56,240	93,507
	<u>\$ 7,166,755</u>	<u>\$10,041,612</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 \$4,611,954 and \$4,182,382 at June 30, 2022 and 2021, respectively. Net assets with permanent donor restrictions are included on the Statement of Financial Position at June 30 as follows:

	<u>2022</u>	<u>2021</u>
Grants and contributions receivable	\$ 1,000,000	\$ 2,010,000
Investments	3,611,954	2,127,106
Cash and cash equivalents	-	45,276
	<u>\$ 4,611,954</u>	<u>\$ 4,182,382</u>

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

Note 12. Endowment Funds

The composition and activities of the Foundation's endowment funds as of and for the years ended June 30, 2022 and 2021 are as follows:

	With Temporary Restrictions	With Permanent Restrictions	Total Endowment
Endowment fund balance, as of July 1, 2020	\$ 90,374	\$ 1,048,991	\$ 1,139,365
Investment income, net	411,295	-	411,295
Current year additions	-	3,133,391	3,133,391
Endowment fund balance, as of June 30, 2021	501,669	4,182,382	4,684,051
Investment loss, net	(547,141)	-	(547,141)
Current year additions	-	429,572	429,572
Endowment fund balance, as of June 30, 2022	\$ (45,472)	\$ 4,611,954	\$ 4,566,482

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

	2022	2021
Investments	\$ 3,611,954	\$ 2,114,367
Grants and contributions receivable	1,000,000	2,010,000
Cash and cash equivalents	-	559,684
Due to operating funds	(45,472)	-
	<u>\$ 4,566,482</u>	<u>\$ 4,684,051</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, 2022 the Foundation held deposits of approximately \$8,500,000 in excess of FDIC limit. At June 30, 2021 the Foundation had approximately \$7,500,000 in excess of FDIC limit and approximately \$230,000 in excess of SIPC insurance limit.

Women's Foundation California

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

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 \$124,467 and \$80,714 during the years ended June 30, 2022 and 2021, respectively.

Note 15. Related Party Transactions

During the year ended June 30, 2022, the Foundation awarded \$97,500 in grants to non-profit organizations related to board members. During the year ended June 30, 2021, the Foundation awarded \$50,000 in grants to non-profit organizations related to board members.

Note 16. Subsequent Events

The Foundation evaluated subsequent events from July 1, 2022 through October 12, 2022, 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.