

Financial Statements

Women's Funding Network
(a nonprofit organization)
Year Ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Women's Funding Network
San Francisco, California

We have audited the accompanying financial statements of Women's Funding Network which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audits 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.





Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women's Funding Network as of December 31, 2018, 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.

Harris CPAs

Meridian, Idaho
March 29, 2019



WOMEN'S FUNDING NETWORK
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

Assets

Cash	\$	173,569
Investments		46,542
Pledges receivable		491,500
Prepaid expenses		12,333
Equipment, net		<u>628</u>
Total Assets	\$	<u><u>724,572</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	39,241
Accrued payroll and related costs		<u>33,172</u>
Total Current Liabilities		72,413

Net Asset

Without donor restrictions		160,659
With donor restrictions		<u>491,500</u>
Total Net Assets		<u>652,159</u>
Total Liabilities and Net Assets	\$	<u><u>724,572</u></u>

See notes to financial statements.

WOMEN'S FUNDING NETWORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 165,032	\$	\$ 165,032
Grants		10,000	10,000
Special events	47,165		47,165
Membership dues	178,382		178,382
Investment income	8,919		8,919
Other income	800		800
Net assets released from restrictions	<u>661,500</u>	<u>(661,500)</u>	<u>0</u>
Total Revenues and Support	1,061,798	(651,500)	410,298
Expenses			
Program services	1,098,827		1,098,827
Supporting services			
Administrative	225,141		225,141
Fundraising	<u>133,214</u>	<u> </u>	<u>133,214</u>
Total Supporting Services	<u>358,355</u>	<u>0</u>	<u>358,355</u>
Total Expenses	<u>1,457,182</u>	<u>0</u>	<u>1,457,182</u>
Change in Net Assets	(395,384)	(651,500)	(1,046,884)
Net Assets			
Beginning of Year	<u>556,043</u>	<u>1,143,000</u>	<u>1,699,043</u>
End of Year	<u>\$ 160,659</u>	<u>\$ 491,500</u>	<u>\$ 652,159</u>

See notes to financial statements.

WOMEN'S FUNDING NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 450,282	\$ 89,428	\$ 85,624	\$ 625,334
Professional fees & consulting	217,334	89,000	15,000	321,334
Grants	246,438			246,438
Other women's benefit services	97,142	1,680	4,919	103,741
Advertising	16,715	1,333	20,820	38,868
Occupancy	21,089	4,188	4,010	29,287
Office	19,868	4,947	56	24,871
Annual conference	22,364			22,364
Technology	1,328	14,038	800	16,166
Insurance		10,861		10,861
Travel	6,168		1,248	7,416
Depreciation		3,128		3,128
Miscellaneous	<u>99</u>	<u>6,538</u>	<u>737</u>	<u>7,374</u>
Total Expenses	<u>\$ 1,098,827</u>	<u>\$ 225,141</u>	<u>\$ 133,214</u>	<u>\$ 1,457,182</u>

See notes to financial statements.

WOMEN'S FUNDING NETWORK
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

Cash Flows From Operating Activities

Change in net assets	\$ (1,046,884)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,128
Realized loss on sale of investments	(2,914)
Unrealized gain on investments	1,416
Changes in operating assets and liabilities:	
Accounts receivable	501,500
Prepaid expenses	3,562
Accounts payable	6,976
Accrued payroll and other liabilities	<u>(56)</u>
Net Cash Provided (Used) by Operating Activities	(533,272)

Cash Flows From Investing Activities

Purchase of investments	(128,030)
Proceeds from sale of investments	<u>443,330</u>
Net Cash Provided (Used) by Investing Activities	<u>315,300</u>

Net Change in Cash and Cash Equivalents (217,972)

Cash and Cash Equivalents – Beginning of Year 391,541

Cash and Cash Equivalents – End of Year \$ 173,569

See notes to financial statements.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of Network

Women's Funding Network, (the Network) is one of the largest philanthropic affinity groups of women's foundations and other funders of gender equality. Collectively, its 100 members awarded over \$75,000,000 in grants to women-led, community-based Networks working to improve the lives of women and girls. The Network provides services, tools, and support to its members, which improve and strengthen their impact. The Network provides the space and infrastructure for shared learning, leadership development, communications and messaging tools, and other resources critical to the ongoing work of its members in establishing gender equality in communities around the world.

Working collaboratively with its members, the Network identifies and supports specific projects. These projects contain key traits. The projects are scalable, capable of effecting change far outside just one community. They are also high-leverage: focused on solutions that yield the maximum result for the resources put into them.

The Network is located in San Francisco, California and supports its activities primarily through grants and contributions.

Basis of Accounting

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.

Basis of Presentation

The Network reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Use of Estimates

The Network uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted

For the year ended December 31, 2018, the Network adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classification.

Implementation of the new standard did not require reclassification or restatement of any opening balances related to the prior period. Net assets presented as temporary or permanently restricted assets are now reported as net assets with donor restrictions. Net assets reported as unrestricted are now reported as net assets without donor restrictions.

Cash and cash equivalents

The Network considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations

Financial instruments that potentially subject the Network to significant concentrations of credit risk consist principally of financial institution balances. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2018, the Network's had no uninsured cash balances.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Fair Value

The Network uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Membership Dues

Membership dues are recognized as income when earned by members agreeing to renew their annual memberships over the membership period.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Restricted donations received and expended in the same year are reported as unrestricted.

In-kind Donations

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation, benefits and related occupancy costs, which are allocated on the basis of estimates of time and effort. Admin expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Network.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Income Tax Status

The Network is classified as a Section 501(c)(3) that is exempt from income taxes under the Federal Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Network may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2018.

The Network files Form 990 in the U.S. federal jurisdiction. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

Subsequent Events

The Network has evaluated subsequent events through March 29, 2019, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

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

Total financial assets available within one year	
Cash	\$ 173,569
Investments	46,542
Pledge receivable	<u>491,500</u>
Total financial assets available within one year	711,611
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(491,500)</u>
Total financial assets available within one year after restriction	<u>\$ 220,111</u>

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2018, all net assets with donor restrictions are available for payment of any major expenditures incurred.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note C – Net Assets

The Network does not have any board designated net assets. The detail of the Network's net asset categories at December 31, 2018 is as follows:

Without donor restrictions	\$	160,659
With donor restrictions:		
Unexpended funds – Kellogg Grant		<u>491,500</u>
	\$	<u>652,159</u>

Note D – Pledge Receivable

The pledge receivable is from the Kellogg Foundation. Pledges receivable at year end are due as follows:

Pledges less than one year	\$	<u>491,500</u>
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Note E – Investments

Investments as of December 31, 2018 are summarized as follows:

Cost	\$	45,126
Unrealized gain		<u>1,416</u>
Fair value	\$	<u>46,542</u>

Investment income consists of the following for the year ended December 31, 2018:

Interest and dividends	\$	2,488
Realized loss		(2,914)
Capital gains		7,929
Unrealized gain		<u>1,416</u>
Total investment income	\$	<u>8,919</u>

Investment income above includes interest from cash accounts during the year in addition to financial instrument related assets.

WOMEN'S FUNDING NETWORK

NOTES TO THE FINANCIAL STATEMENTS

Note F – Equipment

As of December 31, equipment consisted of the following:

Equipment	\$ 9,384
Less accumulated amortization	<u>(8,756)</u>
	<u>\$ 628</u>

Note G – Fair Value of Assets and Liabilities

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

WOMEN'S FUNDING NETWORK
NOTES TO THE FINANCIAL STATEMENTS

Note G – Fair Value of Assets and Liabilities (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Center holds actively traded mutual funds measured using Level 1 inputs.

The following table sets forth by level, within the fair value hierarchy, the Network's investments at fair value as of December 31, 2018:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 46,542	\$ 46,542	\$ 0	\$ 0

Note H – Defined Contribution Plan

The Network contributes 5% of gross salaries to a 403(b) defined contribution plan for eligible employees. Under the plan, authorized and funded employer contributions for the year ended December 31, 2018 was \$6,191.