

FINANCIAL STATEMENTS



WASHINGTON AREA
WOMEN'S
FOUNDATION

STAND TOGETHER. SO SHE CAN STAND ON HER OWN.

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of June 30, 2021 and 2020	4 - 5
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2021	6
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2020	7
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2021	8
EXHIBIT E - Statement of Functional Expenses, for the Year Ended June 30, 2020	9
EXHIBIT F - Statements of Cash Flows, for the Years Ended June 30, 2021 and 2020	10
NOTES TO FINANCIAL STATEMENTS	11 - 19



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washington Area Women's Foundation, Inc.
Washington, D.C.

We have audited the accompanying financial statements of the Washington Area Women's Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, 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.

Gelman Rosenberg & Friedman

December 3, 2021

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 591,778	\$ 1,002,216
Other investments	609,286	585,233
Donor advised funds investments	-	126,143
Accounts receivable	106,225	460
Pledges receivable	403,560	339,730
Prepaid expenses	<u>42,809</u>	<u>8,136</u>
Total current assets	<u>1,753,658</u>	<u>2,061,918</u>
FIXED ASSETS		
Furniture and equipment	95,679	91,773
Software	79,507	79,507
Leasehold improvements	<u>35,564</u>	<u>35,564</u>
	210,750	206,844
Less: Accumulated depreciation and amortization	<u>(203,378)</u>	<u>(197,107)</u>
Net fixed assets	<u>7,372</u>	<u>9,737</u>
OTHER ASSETS		
Pledges receivable, noncurrent, net of discount of \$4,062 and \$0 in 2021 and 2020, respectively	123,438	5,000
Deposits	<u>11,217</u>	<u>11,217</u>
Total other assets	<u>134,655</u>	<u>16,217</u>
TOTAL ASSETS	<u>\$ 1,895,684</u>	<u>\$ 2,087,872</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Loan payable	\$ 88,781	\$ 152,500
Accounts payable	8,910	227,596
Accrued expenses	93,719	83,694
Deferred rent	21,196	32,031
Other current liabilities	<u>-</u>	<u>87,401</u>
Total current liabilities	<u>212,606</u>	<u>583,222</u>
LONG-TERM LIABILITIES		
Loan payable	63,754	-
Deferred rent, net of current portion	<u>-</u>	<u>21,196</u>
Total long-term liabilities	<u>63,754</u>	<u>21,196</u>
Total liabilities	<u>276,360</u>	<u>604,418</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	235,629	135,384
Board designated	<u>750,000</u>	<u>750,000</u>
Total without donor restrictions	985,629	885,384
With donor restrictions	<u>633,695</u>	<u>598,070</u>
Total net assets	<u>1,619,324</u>	<u>1,483,454</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,895,684</u>	<u>\$ 2,087,872</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.
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>
REVENUE			
Contributions and grants:			
Individuals	\$ 346,080	\$ 32,300	\$ 378,380
Foundations	269,638	1,022,800	1,292,438
Corporations	138,186	62,750	200,936
Contributed goods and services	<u>42,751</u>	<u>-</u>	<u>42,751</u>
Total contributions and grants	796,655	1,117,850	1,914,505
Investment income, net	24,779	-	24,779
Employee Retention Credits and other revenue	103,694	-	103,694
Net assets released from donor restrictions	<u>1,082,225</u>	<u>(1,082,225)</u>	<u>-</u>
Total revenue	<u>2,007,353</u>	<u>35,625</u>	<u>2,042,978</u>
EXPENSES			
Program Services:			
Education and Outreach	509,853	-	509,853
Early Care and Education Funders Collaborative	440,743	-	440,743
Other Community Investments	471,704	-	471,704
Young Women's Initiative	<u>169,110</u>	<u>-</u>	<u>169,110</u>
Total program services	<u>1,591,410</u>	<u>-</u>	<u>1,591,410</u>
Supporting Services:			
General and Administrative	269,261	-	269,261
Development	<u>200,310</u>	<u>-</u>	<u>200,310</u>
Total supporting services	<u>469,571</u>	<u>-</u>	<u>469,571</u>
Total expenses	<u>2,060,981</u>	<u>-</u>	<u>2,060,981</u>
Changes in net assets before other item	(53,628)	35,625	(18,003)
OTHER ITEM			
Forgiveness of debt including accrued interest	<u>153,873</u>	<u>-</u>	<u>153,873</u>
Changes in net assets	100,245	35,625	135,870
Net assets at beginning of year	<u>885,384</u>	<u>598,070</u>	<u>1,483,454</u>
NET ASSETS AT END OF YEAR	<u>\$ 985,629</u>	<u>\$ 633,695</u>	<u>\$ 1,619,324</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.
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>
REVENUE			
Contributions and grants:			
Individuals	\$ 497,851	\$ 75,000	\$ 572,851
Foundations	407,518	326,499	734,017
Corporate	204,053	53,033	257,086
Contributed goods and services	<u>118,354</u>	<u>-</u>	<u>118,354</u>
Total contributions and grants	1,227,776	454,532	1,682,308
Investment income, net	15,359	5,406	20,765
Employee Retention Credits and other revenue	52,722	-	52,722
Net assets released from donor restrictions	<u>1,633,418</u>	<u>(1,633,418)</u>	<u>-</u>
Total revenue	<u>2,929,275</u>	<u>(1,173,480)</u>	<u>1,755,795</u>
EXPENSES			
Program Services:			
Education and Outreach	921,604	-	921,604
Early Care and Education Funders Collaborative	503,714	-	503,714
Other Community Investments	345,334	-	345,334
Young Women's Initiative	<u>293,135</u>	<u>-</u>	<u>293,135</u>
Total program services	<u>2,063,787</u>	<u>-</u>	<u>2,063,787</u>
Supporting Services:			
General and Administrative	172,167	-	172,167
Development	<u>500,300</u>	<u>-</u>	<u>500,300</u>
Total supporting services	<u>672,467</u>	<u>-</u>	<u>672,467</u>
Total expenses	<u>2,736,254</u>	<u>-</u>	<u>2,736,254</u>
Changes in net assets	193,021	(1,173,480)	(980,459)
Net assets at beginning of year	<u>692,363</u>	<u>1,771,550</u>	<u>2,463,913</u>
NET ASSETS AT END OF YEAR	<u>\$ 885,384</u>	<u>\$ 598,070</u>	<u>\$ 1,483,454</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services				Total Expenses
	Education and Outreach	Early Care and Education Funders Collaborative	Other Community Investments	Young Women's Initiative	Total Program Services	General and Administrative	Development	Total Supporting Services	
Payroll and benefits	\$ 370,816	\$ 47,756	\$ 40,869	\$ 22,340	\$ 481,781	\$ 143,617	\$ 143,209	\$ 286,826	\$ 768,607
Grants and awards	-	367,000	411,750	136,800	915,550	-	-	-	915,550
Professional and consulting services	25,052	3,927	6,036	1,990	37,005	33,471	9,272	42,743	79,748
Occupancy	83,726	9,660	8,919	4,460	106,765	37,133	31,282	68,415	175,180
Operations	30,259	12,400	4,130	3,520	50,309	12,289	16,547	28,836	79,145
Contributed goods and services	-	-	-	-	-	42,751	-	42,751	42,751
TOTAL	\$ 509,853	\$ 440,743	\$ 471,704	\$ 169,110	\$ 1,591,410	\$ 269,261	\$ 200,310	\$ 469,571	\$ 2,060,981

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services				Total Expenses
	Education and Outreach	Early Care and Education Funders Collaborative	Other Community Investments	Young Women's Initiative	Total Program Services	General and Administrative	Development	Total Supporting Services	
Payroll and benefits	\$ 496,110	\$ 85,625	\$ 25,252	\$ 106,156	\$ 713,143	\$ 115,953	\$ 110,157	\$ 226,110	\$ 939,253
Grants and awards	-	365,000	180,000	145,000	690,000	-	228,379	228,379	918,379
Professional and consulting services	109,704	19,745	126,150	4,403	260,002	16,158	68,450	84,608	344,610
Occupancy	93,926	14,394	6,915	20,637	135,872	25,069	18,069	43,138	179,010
Operations	121,407	18,950	7,017	16,770	164,144	8,149	59,355	67,504	231,648
Contributed goods and services	100,457	-	-	169	100,626	1,838	15,890	17,728	118,354
Bad debt expense	-	-	-	-	-	5,000	-	5,000	5,000
TOTAL	\$ 921,604	\$ 503,714	\$ 345,334	\$ 293,135	\$2,063,787	\$ 172,167	\$ 500,300	\$ 672,467	\$ 2,736,254

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 135,870	\$ (980,459)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	6,271	5,918
Forgiveness of debt	(152,500)	-
Realized loss (gain) on sale of investments	37	(9,516)
Unrealized (gain) loss on investments	(8,536)	17,737
Change in allowance for doubtful accounts	-	(44,935)
Change in present value discount	4,062	(6,992)
(Increase) decrease in:		
Accounts receivable	(105,765)	(460)
Pledges receivable	(186,330)	711,479
Prepaid expenses	(34,673)	16,242
Deposits	-	15,750
(Decrease) increase in:		
Accounts payable	(218,685)	226,423
Accrued expenses	10,025	(27,144)
Deferred rent	(32,031)	(24,826)
Other current liabilities	<u>(87,401)</u>	<u>87,401</u>
Net cash used by operating activities	<u>(669,656)</u>	<u>(13,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	126,143	294,770
Purchases of investments	(15,554)	(159,802)
Purchase of furniture and equipment	<u>(3,906)</u>	<u>(1,600)</u>
Net cash provided by investing activities	<u>106,683</u>	<u>133,368</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>152,535</u>	<u>152,500</u>
Net cash provided by financing activities	<u>152,535</u>	<u>152,500</u>
Net (decrease) increase in cash and cash equivalents	(410,438)	272,486
Cash and cash equivalents at beginning of year	<u>1,002,216</u>	<u>729,730</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 591,778</u>	<u>\$ 1,002,216</u>
SUPPLEMENTAL INFORMATION:		
Donated Investments	<u>\$ 1,555</u>	<u>\$ 134,806</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Founded in 1998, the Washington Area Women's Foundation, Inc. (the Foundation) is a results-oriented, creative catalyst for social change. The mission is to mobilize the community to ensure that economically vulnerable women and girls in the Washington region have the resources they need to thrive. To do this, five core goals are pursued.

The Foundation acts as a catalyst by grant making to effective organizations dedicated to increasing economic security for women and girls in our region. They educate community stakeholders about the needs of women and girls in the region and successful strategies to address those needs. They advocate influencing public policy that enables and supports economic security. The Foundation generates resources - financial, human, social and political capital - necessary to sustain this work at its highest quality; and engages in trustworthy stewardship of those resources. The Foundation connects the Washington region with a global movement that recognizes that promoting women's and girls' prosperity is key to stronger, more resilient and healthier communities.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions. The Foundation further classifies net assets without donor restrictions as follows:
 - * **Board Designated Net Assets** - Net assets that the Board of Directors has set aside to be used at its discretion to carry-out future activities.

	<u>2021</u>	<u>2020</u>
Reserve Fund	\$ <u>750,000</u>	\$ <u>750,000</u>

- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

During the year ended June 30, 2020, the Foundation adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncement adopted (continued) -

This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Foundation adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

Cash and cash equivalents include all liquid investments with a maturity of three months or less when purchased. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year.

Pledges receivable -

Pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management maintains an allowance for doubtful accounts based upon estimates of the net realizable value of the accounts.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors in the Statements of Activities and Changes in Net Assets.

Donated stocks are recorded at their fair value on the date of donation.

Fixed assets -

Fixed assets are stated at cost. Fixed assets with a useful life of greater than one year and cost greater than \$1,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Income taxes (continued) -

Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2021 and 2020, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions and grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution or agreement to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return from obligation provision that limits the Foundation on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Some grant awards from foundations and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Foundation recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as conditional contributions, the Foundation did not have any unrecognized conditional awards as of June 30, 2021 and 2020.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Investment risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Foundation's operations. The overall potential impact is unknown at this time.

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Foundation plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. PLEDGES RECEIVABLE

Pledges due in more than one year have been recorded at the present value of the estimated cash flows using a discount rate of approximately 5.5%.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

2. PLEDGES RECEIVABLE (Continued)

Pledges are due as follows at June 30, 2021 and 2020:

	2021	2020
Less than one year	\$ 403,560	\$ 339,730
One to five years, net of discount for present value	127,500	5,000
Less: Discount for present value	(4,062)	-
Total net pledges receivable	526,998	344,730
Less: Current maturities, net	(403,560)	(339,730)
LONG-TERM PLEDGES RECEIVABLE, NET	<u>\$ 123,438</u>	<u>\$ 5,000</u>

3. INVESTMENTS

Investments consisted of the following at June 30, 2021 and 2020:

	2021	2020
	Fair Value	Fair Value
Money market funds	\$ -	\$ 138
Mutual funds	609,286	711,238
TOTAL INVESTMENTS	<u>\$ 609,286</u>	<u>\$ 711,376</u>

Included in investment income are the following:

	2021	2020
Interest and dividends, net of fees	\$ 16,280	\$ 28,986
Realized (loss) gain on investments	(37)	9,516
Unrealized gain (loss) on investments	8,536	(17,737)
TOTAL INVESTMENT INCOME	<u>\$ 24,779</u>	<u>\$ 20,765</u>

4. LINE OF CREDIT

In May 2021, the Foundation obtained a \$31,000 bank line of credit with a financial institution. Amounts borrowed under this agreement bear interest at the bank's prime rate (3.25% at June 30, 2021). As of June 30, 2021, there were no outstanding borrowings on the line of credit. The line of credit is secured by the general assets of the Foundation.

5. LOANS PAYABLE

On April 28, 2020, the Foundation received loan proceeds in the amount of \$152,500 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration.

During the year ended June 30, 2021, the Foundation expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and received full forgiveness from the SBA in March 2021. Accordingly, the Foundation has recorded revenue from forgiveness of debt on the accompanying Statements of Activities and Changes in Net Assets.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

5. LOANS PAYABLE (Continued)

On February 12, 2021, the Foundation received a second round of loan proceeds in the amount of \$152,535 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. The Foundation intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. The Foundation intends to apply for forgiveness after completing the 24-week period. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

<u>Year Ending June 30,</u>	
2022	\$ 88,781
2023	<u>63,754</u>
	<u>\$ 152,535</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Early Care and Education Funders Collaborative	\$ 371,198	\$ 177,647
Washington Region Early Care and Education Workforce Network	-	24,761
Safety	52,459	44,384
Young Women's Initiative	97,373	84,865
Family Planning Initiative	7,665	74,653
Donor Advised Funds	-	59,260
Subject to passage of time	<u>105,000</u>	<u>132,500</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 633,695</u>	<u>\$ 598,070</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

	2021	2020
Purpose restrictions accomplished:		
Early Care and Education Funders Collaborative	\$ 456,210	\$ 488,731
Washington Region Early Care and Education Workforce Network	-	4,221
Leadership Luncheon	-	299,300
Freshh, Inc.	-	90,000
Family Planning Initiative	66,988	134,218
Safety	116,925	105,616
Young Women's Initiative	155,342	250,907
Donor Advised Funds	59,260	163,325
Giving Circles	-	1,300
Passage of time	<u>227,500</u>	<u>95,800</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,082,225</u>	<u>\$ 1,633,418</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. LEASE COMMITMENT

In September 2011, the Foundation entered into a ten year, noncancellable lease agreement, commencing February 1, 2012. Under the terms of the lease, rent will increase by a factor of 4% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position. The deferred rent liability totaled \$21,196 and \$53,227 for the years ended June 30, 2021 and 2020, respectively.

Rent expense, including operating expenses, for the years ended June 30, 2021 and 2020, totaled \$155,994 and \$160,228, respectively. These amounts are included in occupancy on the Statements of Functional Expenses.

Future minimum lease payments required under the lease as of June 30, 2021 are as follows:

Year Ending June 30, 2022	\$ <u>111,762</u>
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9. TAX-DEFERRED ANNUITY PLAN

The Foundation maintains a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers full-time employees of the Foundation and must be employed for six months to become eligible for the employer contribution. For the fiscal year ended June 30, 2020 and through September 2020, the Foundation contributed 5% of gross salaries for qualified employees to the Plan. The Foundation elected to stop contributions to the Plan effective October 1, 2020.

Included in the employee benefits shown in the Statements of Functional Expenses are plan contributions in the amounts of \$6,033 and \$35,812 for the years ended June 30, 2021 and 2020, respectively.

10. CONTRIBUTED GOODS AND SERVICES

The Foundation recognized revenue for contributed goods and services for the years ended June 30, 2021 and 2020. Contributed services consisted primarily of donated advertising, consulting and legal services.

Contribution revenue from services is measured based on the fair value of such services. Contributed goods and services during the years ended June 30, 2021 and 2020 totaled \$42,751 and \$118,354, respectively.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

11. FAIR VALUE MEASUREMENT (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels in the fair value hierarchy during the years ended June 30, 2021 and 2020.

- *Money market funds* - The fair value is equal to the reported net asset value of the fund.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2021:

	Level 1	Level 2	Level 3	Total June 30, 2021
Asset Class:				
Mutual Funds	\$ <u>609,286</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>609,286</u>

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2020:

	Level 1	Level 2	Level 3	Total June 30, 2020
Asset Class:				
Money market funds	\$ 138	\$ -	\$ -	\$ 138
Mutual funds	<u>711,238</u>	<u>-</u>	<u>-</u>	<u>711,238</u>
TOTAL	\$ <u>711,376</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>711,376</u>

12. DONOR ADVISED FUNDS INVESTMENTS

During the year ended June 30, 2018, the Foundation launched an initiative to encourage additional giving and increase its grantmaking capacity through Donor Advised Funds (DAFs). These philanthropic investment vehicles allow the donor to make a charitable contribution of \$50,000, at a minimum, and immediately receive the maximum tax benefit.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. DONOR ADVISED FUNDS INVESTMENTS (Continued)

In accordance with each respective DAF agreement, the donor can recommend grants to organizations that invest in women and girls locally as well as other 501(c)(3) charitable organizations of their choice but final grant approval remains with the foundation. Additionally, DAFs' agreements require a minimum of 5% to be invested in the general operations of the Foundation. The assets are invested in accordance with the donors' requests, and in most cases, within a predetermined investment portfolio. The amounts disbursed from the DAFs for the years ended June 30, 2021 and 2020 totaled \$59,260 and \$163,325, respectively. For the year ended June 30, 2020, DAF investments totaled \$126,143. During July 2020, the Foundation closed their DAF's accounts and any remaining funds not disbursed at the time of closure were returned to the donors.

13. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 591,778	\$ 1,002,216
Investments	609,286	711,376
Accounts receivable	106,225	460
Pledges receivable	<u>526,998</u>	<u>344,730</u>
Subtotal financial assets available	1,834,287	2,058,782
Less: Donor restricted funds	(631,195)	(593,070)
Less: Board designated funds	<u>(750,000)</u>	<u>(750,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 453,092</u>	<u>\$ 715,712</u>

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, to the financial assets listed above, the Foundation has the ability to utilize the Board designated funds for operating activities as approved by the Board.

14. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 3, 2021, the date the financial statements were available for issuance.