



*Report of Independent Auditors and
Consolidated Financial Statements*

The Global Fund for Women, Inc.

June 30, 2019 and 2018



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Report of Independent Auditors

To the Board of Directors
The Global Fund for Women, Inc.

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Global Fund for Women, Inc. (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Global Fund for Women, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, The Global Fund for Women, Inc., adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

Moss Adams LLP

San Francisco, California
September 30, 2019

Consolidated Financial Statements

The Global Fund for Women, Inc.
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,864,586	\$ 14,461,681
Contributions receivable, net	3,686,223	6,114,963
Other receivables	222,655	465,765
Prepaid expenses	162,938	202,251
	<u>24,936,402</u>	<u>21,244,660</u>
Total current assets		
NON-CURRENT ASSETS		
Deposits	42,680	42,680
Investments designated for long-term purposes	7,853,969	7,065,477
Investments restricted for long-term purposes	6,073,511	5,486,471
Contributions receivable, net of current portion	1,766,408	2,118,531
Beneficial interest in trusts	285,900	267,038
Property and equipment, net	176,042	111,270
Other assets	256,318	-
	<u>16,454,828</u>	<u>15,091,467</u>
Total non-current assets		
Total assets	<u>\$ 41,391,230</u>	<u>\$ 36,336,127</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants payable	\$ 6,062,808	\$ 6,192,809
Accounts payable and accrued expenses	898,734	459,176
Deferred revenue	480,000	-
	<u>7,441,542</u>	<u>6,651,985</u>
Total current liabilities		
Deferred rent	109,879	116,592
Grants payable, net of current portion	6,553,441	2,324,106
	<u>6,663,320</u>	<u>2,440,698</u>
Total long-term liabilities		
Total liabilities	<u>14,104,862</u>	<u>9,092,683</u>
NET ASSETS		
Without donor restrictions	10,141,530	9,654,922
With donor restrictions	17,144,838	17,588,522
	<u>27,286,368</u>	<u>27,243,444</u>
Total net assets		
Total liabilities and net assets	<u>\$ 41,391,230</u>	<u>\$ 36,336,127</u>

The Global Fund for Women, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2019 (with Comparative Totals for the Year Ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
SUPPORT AND REVENUES				
Contributions				
Foundations and other organizations	\$ 224,817	\$ 2,049,716	\$ 2,274,533	\$ 8,300,616
Corporations	261,121	29,623	290,744	611,988
Government/multilateral	-	20,000	20,000	73,451
Individuals	6,001,218	7,196,491	13,197,709	8,969,410
Bequests	1,452,465	-	1,452,465	1,861,513
Other income	416,488	-	416,488	690,518
Investment income, net	689,187	555,430	1,244,617	797,271
Change in value of beneficial interest in trusts	-	18,862	18,862	10,065
In-kind donations	11,213	-	11,213	24,684
Net assets released from restrictions	10,313,806	(10,313,806)	-	-
Total support and revenues	19,370,315	(443,684)	18,926,631	21,339,516
EXPENSES				
Program services				
Grants awarded	10,806,590	-	10,806,590	7,794,845
Grants and grantee services	2,342,045	-	2,342,045	2,038,835
Advocacy	1,736,722	-	1,736,722	1,917,471
Total program services	14,885,357	-	14,885,357	11,751,151
Management and general	1,468,081	-	1,468,081	877,310
Fundraising	2,530,269	-	2,530,269	2,236,817
Total expenses	18,883,707	-	18,883,707	14,865,278
CHANGE IN NET ASSETS	486,608	(443,684)	42,924	6,474,238
NET ASSETS , beginning of year	9,654,922	17,588,522	27,243,444	20,769,206
NET ASSETS , end of year	<u>\$ 10,141,530</u>	<u>\$ 17,144,838</u>	<u>\$ 27,286,368</u>	<u>\$ 27,243,444</u>

See accompanying notes.

The Global Fund for Women, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2018
SUPPORT AND REVENUES			
Contributions			
Foundations and other organizations	\$ 147,578	\$ 8,153,038	\$ 8,300,616
Corporations	194,929	417,059	611,988
Government/multilateral	-	73,451	73,451
Individuals	4,192,538	4,776,872	8,969,410
Bequests	1,861,513	-	1,861,513
Other income	690,518	-	690,518
Investment income, net	451,346	345,925	797,271
Change in value of beneficial interest in trusts	-	10,065	10,065
In-kind donations	24,684	-	24,684
Net assets released from restrictions	9,445,098	(9,445,098)	-
Total support and revenues	17,008,204	4,331,312	21,339,516
EXPENSES			
Program services			
Grants awarded	7,794,845	-	7,794,845
Grants and grantee services	2,038,835	-	2,038,835
Advocacy	1,917,471	-	1,917,471
Total program services	11,751,151	-	11,751,151
Management and general	877,310	-	877,310
Fundraising	2,236,817	-	2,236,817
Total expenses	14,865,278	-	14,865,278
CHANGE IN NET ASSETS	2,142,926	4,331,312	6,474,238
NET ASSETS , beginning of year	7,511,996	13,257,210	20,769,206
NET ASSETS , end of year	\$ 9,654,922	\$ 17,588,522	\$ 27,243,444

See accompanying notes.

The Global Fund for Women, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019 (with Comparative Totals for the Year Ended June 30, 2018)

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Pooled</u>	<u>Total 2019</u>	<u>Total 2018</u>
	<u>Grants and Grantee Services</u>	<u>Advocacy</u>						
Grants awarded	\$ 10,806,590	\$ -	\$ 10,806,590	\$ -	\$ -	\$ -	\$ 10,806,590	\$ 7,794,845
Other expenses								
Salaries	1,192,692	850,612	2,043,304	765,745	1,239,566	320,054	4,368,669	3,902,024
Payroll taxes	79,862	64,554	144,416	42,307	93,659	22,583	302,965	284,266
Employee benefits	183,097	152,387	335,484	73,862	203,253	65,876	678,475	626,380
Personnel costs	1,455,651	1,067,553	2,523,204	881,914	1,536,478	408,513	5,350,109	4,812,670
Advertising	-	29,064	29,064	-	14,541	3,275	46,880	24,425
Conferences and meetings	7,965	1,326	9,291	691	5,687	2,187	17,856	19,456
Depreciation and amortization	-	-	-	-	-	58,258	58,258	74,692
Information technology	6,642	47,491	54,133	47,106	23,820	126,719	251,778	269,446
Occupancy	-	825	825	4,653	-	457,838	463,316	437,075
Other	19,513	949	20,462	13,632	52,925	37,844	124,863	99,957
Outside/professional services	209,527	156,925	366,452	257,551	211,259	282,710	1,117,972	765,047
Postage and shipping	214	-	214	655	30,174	1,042	32,085	44,213
Printing and publications	43	657	700	5,000	109,931	-	115,631	111,943
Supplies	3,125	1,255	4,380	2,479	3,168	13,357	23,384	13,001
Telephone	259	10	269	270	19	57,354	57,912	52,361
Travel and meals	161,829	69,122	230,951	76,280	56,113	53,729	417,073	346,147
Pooled cost allocation	477,277	361,545	838,822	177,850	486,154	(1,502,826)	-	-
Total other expenses	2,342,045	1,736,722	4,078,767	1,468,081	2,530,269	-	8,077,117	7,070,433
Total expenses	\$ 13,148,635	\$ 1,736,722	\$ 14,885,357	\$ 1,468,081	\$ 2,530,269	\$ -	\$ 18,883,707	\$ 14,865,278

See accompanying notes.

The Global Fund for Women, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2018)

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Pooled</u>	<u>Total 2018</u>
	<u>Grants and Grantee Services</u>	<u>Advocacy</u>					
Grants awarded	\$ 7,794,845	\$ -	\$ 7,794,845	\$ -	\$ -	\$ -	\$ 7,794,845
Other expenses							
Salaries	1,151,864	924,480	2,076,344	405,267	1,140,122	280,291	3,902,024
Payroll taxes	83,043	67,364	150,407	28,768	86,745	18,346	284,266
Employee benefits	174,159	140,813	314,972	60,245	180,846	70,317	626,380
Personnel costs	1,409,066	1,132,657	2,541,723	494,280	1,407,713	368,954	4,812,670
Advertising	-	16,972	16,972	-	3,788	3,665	24,425
Conferences and meetings	4,909	6,984	11,893	225	6,148	1,190	19,456
Depreciation and amortization	-	-	-	-	-	74,692	74,692
Information technology	1,347	40,522	41,869	44,120	24,420	159,037	269,446
Occupancy	-	-	-	4,122	-	432,953	437,075
Other	4,964	2,428	7,392	7,415	55,253	29,897	99,957
Outside/professional services	126,297	323,260	449,557	136,813	146,200	32,477	765,047
Postage and shipping	233	39	272	352	42,044	1,545	44,213
Printing and publications	17	535	552	-	111,017	374	111,943
Supplies	2,528	887	3,415	505	1,287	7,794	13,001
Telephone	374	165	539	-	40	51,782	52,361
Travel and meals	120,927	92,306	213,233	58,837	65,170	8,907	346,147
Pooled cost allocation	368,173	300,716	668,889	130,641	373,737	(1,173,267)	-
Total other expenses	2,038,835	1,917,471	3,956,306	877,310	2,236,817	-	7,070,433
Total expenses	<u>\$ 9,833,680</u>	<u>\$ 1,917,471</u>	<u>\$ 11,751,151</u>	<u>\$ 877,310</u>	<u>\$ 2,236,817</u>	<u>\$ -</u>	<u>\$ 14,865,278</u>

See accompanying notes.

The Global Fund for Women, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 42,924	\$ 6,474,238
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(921,597)	(528,662)
Change in discount on contributions receivable	(6,480)	(82,329)
Depreciation and amortization	58,258	74,692
Change in value of beneficial interest in trust	(18,862)	(10,065)
Changes in operating assets and liabilities		
Contributions receivable	2,787,343	221,092
Other receivables	243,110	(9,151)
Prepaid expenses	39,313	101,346
Deposits	-	(3,000)
Other assets	(256,318)	-
Grants payable	4,099,334	1,406,504
Accounts payable and accrued expenses	439,558	(18,444)
Deferred revenue	480,000	-
Deferred rent	(6,713)	3,855
	<u>6,979,870</u>	<u>7,630,076</u>
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES		
Purchases of equipment	(123,030)	(9,463)
Proceeds from sale of investments	2,001,360	3,056,752
Purchases of investments	(2,455,295)	(2,842,410)
	<u>(576,965)</u>	<u>204,879</u>
Net cash (used in) provided by investing activities		
	<u>6,402,905</u>	<u>7,834,955</u>
Net increase in cash and cash equivalents		
	<u>6,402,905</u>	<u>7,834,955</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>14,461,681</u>	<u>6,626,726</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 20,864,586</u>	<u>\$ 14,461,681</u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Global Fund for Women, Inc., is a global champion for the human rights of women and girls. It uses its powerful networks to find, fund, and amplify the courageous work of women who are building social movements and challenging the status quo. It is committed to getting money and attention where it will make the biggest difference for gender equality. Formed as a California nonprofit public benefit corporation organized on June 24, 1987, The Global Fund for Women, Inc., has invested in nearly 5,000 grassroots organizations in 175 countries, helping to win rights for millions of women and girls.

Global Fund for Women UK is a charitable entity set up as a company limited by guarantee in the UK on June 13, 2012. It is intended to operate as the sister charity of the Organization.

Global Fund for Women Fundamental Project LLC (the “LLC”), a California limited liability company, was formed on October 17, 2017. The Global Fund for Women, Inc. is the sole member of the LLC. The LLC was formed to hold title and rights to the Fundamental docuseries.

The aforementioned entities are collectively referred to as the “Organization” within these notes to the consolidated financial statements.

The following program and supporting services are included in the accompanying consolidated financial statements:

Grants and grantee services – Grants and grantee services include direct grantmaking and related grantmaking activities. Direct grants are made to seed, strengthen, and link women’s rights groups outside the United States of America and are recorded as expenses when approved by the Board of Directors for payment. Grantee services are related to the Organization’s direct grantmaking program and include:

- Grantee support and grants operations: such as capacity-building and convening to enhance grantee organizations and bring them together, as well as reviewing applications, conducting due diligence, and reporting
- Learning evaluation and impact: activities that measure the impact and effectiveness of the Organization’s grant investments and other programmatic activities; for example, by measuring the social change impact of the Organization’s grant making.

Advocacy – Advocacy activities are related to advocacy, partnerships, and the mobilization of resources to influence philanthropy to support women’s rights organizations.

Management and general – Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. These include functions necessary to maintain an equitable employment program, manage the financial and budgetary responsibilities of the Organization, and for organizational governance activities.

Fundraising – Fundraising expenses include the necessary costs to encourage and secure financial support from individuals, foundations, and corporations.

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

Basis of accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) applicable to nonprofit organizations. Assets are generally sequenced according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Principles of consolidation – The consolidated financial statements include the accounts of Global Fund For Women, Inc., Global Fund for Women UK and Global Fund for Women Fundamental Project LLC. These entities have been consolidated due to the presence of common control and economic interest, as required under U.S. GAAP. All significant intercompany balances and transactions have been eliminated in the consolidation.

Fair value of financial instruments – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP describes three levels of input that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

From time to time, investments will be transferred between levels based on the characteristics of the investments. The Organization’s policy is to recognize transfers in and transfers out at the beginning of the period in which the event or change in circumstances occurred.

Cash and cash equivalents – For purposes of the statements of cash flows, cash equivalents include highly liquid debt instruments with an original purchased maturity of three months or less.

Investments – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in investment income in the accompanying consolidated statements of activities.

Contributions receivable – The Organization reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Organization does not have the right to expend the original principal except in the event of losses or to make a scheduled payout, the assets are reported as net assets with donor restrictions. When a donor restriction is met, it is released and transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets are also released from donor restrictions when time restrictions are satisfied. Contributions with payment terms in excess of one year are currently subject to discounting at 3% for 2019 and 2018.

The Global Fund for Women, Inc. Notes to Consolidated Financial Statements

Allowance for doubtful accounts – The allowance for doubtful accounts reflects the Organization’s best estimate of probable losses inherent in the Organization’s contributions receivable portfolio determined on the basis of historical experience, specific allowances for known troubled accounts, as well as other data. There was no allowance for doubtful accounts for the years ended June 30, 2019 and 2018, respectively.

Other receivables – Included in other receivables are receivables from credit card disputes, employee benefit plan charges and fees for service contracts. All receivables are expected to be collected within a year.

Property and equipment and depreciation – All acquisitions of property and equipment in excess of \$2,500 and expenditures in excess of \$2,500 for repairs, maintenance renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the approximate fair value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, primarily three to five years. There were no impairment losses of long-lived assets as of June 30, 2019 and 2018.

Other assets – Included in other assets are film costs (all direct costs incurred by the LLC in the production of the Fundamental docuseries). Such costs will be amortized using the individual-film-forecast-computation method once the film costs are recognized as revenue. Film costs will be fully amortized once the licensing fee is recognized as revenue. No amortization has been recorded as of June 30, 2019 and 2018. Publicity, promotion, and marketing costs are charged against income as incurred.

Compensated absences – The Organization accrues a liability for vested vacations to which employees are entitled depending on the length of service and other factors. Accrued vacation benefits of \$216,931 and \$246,614 as of June 30, 2019 and 2018, respectively, are included in accounts payable and accrued expenses in the consolidated statements of financial position.

Deferred revenue – The LLC received \$480,000 as part of a flat fee licensing agreement for the Fundamental docuseries, which is recognized as deferred revenue for the year ended June 30, 2019. The flat fee licensing will be recognized as revenue when the film is complete, delivered, and the licensing period begins.

Deferred rent – Rent expense for the Organization’s facilities and administrative offices is recognized on a straight-line basis over the original term of each lease.

Net assets – The Organization reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit their use. Gifts other than cash are generally sold as soon as practical. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization’s net assets are categorized as follows:

Without donor restrictions – Net assets not subject to donor-imposed restrictions, even though their use may be limited in other respects, such as by board designation. These net assets are intended for use by management and the Board of Directors for general operations. It includes contributions without donor restrictions, income earned on net assets with and without donor restrictions, and amounts for which restrictions have expired.

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

With donor restrictions – Net assets with resources restricted by donors for a specific purpose, based on a time restriction, or subject to gift instrument restrictions that require the principal to be invested in perpetuity. The related investment income, expense, and realized and unrealized gains and losses of endowment funds are maintained in net assets with donor restrictions until released.

Donations of goods and services – Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donations of goods include property and equipment recorded as contributions at their estimated fair value at the date of donation.

Functional allocation of expenses – Personnel expenses are charged to the Organizations program and supporting services based on periodic time activity reports. Where possible expenses are directly identified and charged to the function they benefit. Expenses that benefit multiple functions are pooled and allocated on the basis of direct personnel expenses these expenses include the cost and management of facilities, information technology and human resources.

Reclassifications – Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the 2019 presentation. These reclassifications had no impact on net asset balances.

Recent accounting pronouncements – During fiscal year 2019, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Consolidated Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve current net asset classification requirements and the information presented in consolidated 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; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses. The guidance also enhances disclosures for board designated amounts. Compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the consolidated statement of financial position date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments. There were no net assets reclassifications as a result of adopting this standard.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements in the consolidated financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019 for nonpublic entities, with early adoption permitted. The adoption is effective for the Organization beginning July 1, 2020. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the consolidated financial statements.

The Global Fund for Women, Inc. Notes to Consolidated Financial Statements

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (“ASU 2016-18”), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this update are effective for fiscal years beginning after December 15, 2018, for nonpublic business entities with early adoption permitted. The adoption is effective for the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-18 on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), which clarifies and improves the current guidance about whether a transfer of assets is a contribution or an exchange transaction. The amendments in this update are effective for fiscal years beginning after December 15, 2018. The adoption is effective for the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2018-18 on the consolidated financial statements.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. Such estimates include present value discounts applied to long-term contributions receivable and beneficial interest in trust, fair value of investments, functional expense allocation, and depreciation and amortization.

NOTE 2 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable as of June 30 consisted of amounts expected to be collected in:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 3,686,223	\$ 6,114,963
One to five years	<u>1,866,612</u>	<u>2,225,215</u>
Gross contributions receivable	5,552,835	8,340,178
Less discount for present value	<u>(100,204)</u>	<u>(106,684)</u>
Net contributions receivable	5,452,631	8,233,494
Less current portion	<u>(3,686,223)</u>	<u>(6,114,963)</u>
Contributions receivable, net of current portion	<u>\$ 1,766,408</u>	<u>\$ 2,118,531</u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows, as of June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 259,807	\$ 261,669
Leasehold improvements	20,898	20,898
Intangible property - website	-	20,000
	<u>280,705</u>	<u>302,567</u>
Less: Accumulated depreciation and amortization	<u>(104,663)</u>	<u>(191,297)</u>
Total property and equipment, net	<u>\$ 176,042</u>	<u>\$ 111,270</u>

For the years ended June 30, 2019 and 2018, depreciation and amortization expense was \$58,258 and \$74,692, respectively. During the years ended June 30, 2019 and 2018, the Organization disposed of property and equipment with a cost basis of \$144,892 and \$19,158, respectively, and a net book value of zero.

The Global Fund for Women, Inc.
Notes to Consolidated Financial Statements

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the Organization’s assets that are measured at fair value on a recurring basis as of June 30, 2019:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 3,552,944	\$ -	\$ 3,552,944
Government bonds	-	1,242,318	-	1,242,318
Municipal bonds	-	152,805	-	152,805
Total fixed income	-	4,948,067	-	4,948,067
Equities				
Common stock				
Energy	221,206	-	-	221,206
Materials	132,257	-	-	132,257
Industrial goods	557,730	-	-	557,730
Consumer discretionary	629,700	-	-	629,700
Consumer staples	531,529	-	-	531,529
Health care	992,035	-	-	992,035
Financial services	746,064	-	-	746,064
Technology	1,285,700	-	-	1,285,700
Telecommunications	572,646	-	-	572,646
Utilities	195,010	-	-	195,010
Real estate	208,777	-	-	208,777
Total common stock	6,072,654	-	-	6,072,654
Community investment promissory notes	-	921,133	-	921,133
Mutual funds	695,962	-	-	695,962
Bond funds	145,485	-	-	145,485
International funds	1,144,179	-	-	1,144,179
Beneficial interest in trusts	-	-	285,900	285,900
Total	<u>\$ 8,058,280</u>	<u>\$ 5,869,200</u>	<u>\$ 285,900</u>	<u>\$ 14,213,380</u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

The following table sets forth the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2018:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 3,315,947	\$ -	\$ 3,315,947
Government bonds	-	1,060,158	-	1,060,158
Municipal bonds	-	146,065	-	146,065
Total fixed income	-	4,522,170	-	4,522,170
Equities				
Common stock				
Energy	280,585	-	-	280,585
Materials	84,629	-	-	84,629
Industrial goods	516,486	-	-	516,486
Consumer discretionary	756,648	-	-	756,648
Consumer staples	377,839	-	-	377,839
Health care	828,016	-	-	828,016
Financial services	743,109	-	-	743,109
Technology	1,457,237	-	-	1,457,237
Telecommunications	119,330	-	-	119,330
Utilities	175,656	-	-	175,656
Real estate	148,720	-	-	148,720
Total common stock	5,488,255	-	-	5,488,255
Community investment promissory notes	-	880,000	-	880,000
Mutual funds	592,641	-	-	592,641
Bond funds	86,018	-	-	86,018
International funds	982,864	-	-	982,864
Beneficial interest in trusts	-	-	267,038	267,038
Total	\$ 7,149,778	\$ 5,402,170	\$ -	\$ 12,818,986

The following table provides a rollforward analysis of assets in the consolidated statements of financial position measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the years ended June 30:

	2019	2018
Beginning balance - beneficial interest in trusts	\$ 267,038	\$ 256,973
Increase (decrease) in value due to change in actuarial life expectancy	38,622	(4,786)
(Decrease) increase in value due to change in estimated fair value of underlying trust assets	(19,760)	14,851
Ending balance - beneficial interest in trusts	\$ 285,900	\$ 267,038

The Global Fund for Women, Inc. Notes to Consolidated Financial Statements

The Organization initially records beneficial interest in trusts based on asset value per the trustee and using the life expectancy of the beneficiaries to calculate the net present value of the asset. All unrealized gains and losses included are attributable to assets held at the end of the reporting period and are included in changes in value of beneficial interest in trusts agreements on the statements of activities. Valuation is reviewed annually by management by updating the life expectancy of the income beneficiary and using the fair market value from the trustee.

There were no significant transfers in and out of Level 1, Level 2 and Level 3 fair value measurements.

NOTE 5 – GRANTS PAYABLE, NET

Grants are recorded by the Organization upon approval by the Board of Directors. Grants with payment terms in excess of one year are currently subject to discounting at 1.75% for 2019. Grants payable are expected to be disbursed as of June 30, 2019 as follows:

Years Ending June 30,

2020	\$ 6,062,808
2021	5,687,990
2022	<u>1,058,000</u>
Grants payable	12,808,798
Discount	<u>(192,549)</u>
Grants payable, net	<u>\$ 12,616,249</u>

NOTE 6 – COMMITMENTS

The Organization leases its facilities under an operating lease expiring on December 31, 2022. Management expects that in the normal course of business, leases that expire will be renewed under available options or replaced by other leases. Minimum rental commitments under the operating leases are as follows:

Year Ending June 30,

2020	\$ 411,210
2021	422,423
2022	416,509
2023	208,716
2024	<u>3,140</u>
Total operating lease commitments	<u>\$ 1,461,998</u>

Rental expense was \$448,386 and \$423,122 in 2019 and 2018, respectively.

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

NOTE 7 – BENEFICIAL INTEREST IN TRUSTS

The Organization has been named a beneficiary under certain unconditional irrevocable split-interest agreements received from various donors. The split-interest agreements are administered by an outside trustee and generally provide for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (the designated beneficiaries' lifetimes). At the end of the trust term, the remaining assets are available for the Organization's use. The present value of the estimated future payment to be received is calculated using a discount rate of 6% and applicable actuarial life tables. The Organization annually revalues the fair value of the remainder interest to be received from each donor, based on the changes since the prior year. The resulting change is recorded as a change in value of beneficial interest in trusts on the statements of activities. The Organization recognized an increase of \$18,862 and \$10,065 in the value of the beneficial interest in trusts, for the years ended June 30, 2019 and 2018, respectively.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at various financial institutions and brokerage firms. The Federal Deposit Insurance Corporation ("FDIC") insures account balances up to \$250,000.

The Organization has identified its financial instruments that are potentially subject to credit risk. These financial instruments consist principally of bank deposits and investments in fixed income securities and community investment promissory notes. For bank deposits, the amounts in excess of federal insurance at June 30, 2019 and 2018, were approximately \$20,114,587 and \$13,911,600 respectively. The Organization also holds various debt and equity investments, which may at times exceed the Securities Investor Protection Corporation ("SIPC") insurance threshold. The Organization closely monitors these balances and has not experienced credit losses.

NOTE 9 – RETIREMENT PLAN

The Organization has a tax-deferred contributory IRC Section 403(b) retirement plan covering all regular employees who work 20 hours or more per week after one year of service. The Organization contributes 5% of the annual salary for all eligible employees. Retirement expense, recorded as part of employee benefits, was \$186,896 and \$166,075 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions include a board-designated Quasi Endowment Legacy Fund ("Legacy Fund") of \$8,686,195 and \$8,221,912, as of June 30, 2019 and 2018, respectively. This balance is included in cash and cash equivalents and investments designated for long-term purposes in the consolidated statements of financial position. The Legacy Fund has been established to provide the Organization with the greatest flexibility in long-term planning, utilization, and investment, and permits the expenditures of the principal.

The Global Fund for Women, Inc.
Notes to Consolidated Financial Statements

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are released from restrictions or the incurrence of expenses satisfying the restricted purposes specified by the donors by the passage of time. They are expected to be released through fiscal year ended June 30, 2021.

Net assets with donor restrictions were restricted for the following at June 30:

	<u>2019</u>	<u>2018</u>
Time restricted for general support	\$ 512,421	\$ 414,302
Purpose restricted for:		
Thematic grantmaking	10,000,734	10,821,640
Access to education	5,983,900	5,702,471
Advocacy programs	486,074	596,946
Other restrictions	125,000	15,780
Fiscal sponsorship of women's funds	36,709	37,383
	<u>\$ 17,144,838</u>	<u>\$ 17,588,522</u>
Total net assets with donor restrictions	<u>\$ 17,144,838</u>	<u>\$ 17,588,522</u>

Net assets with donor restrictions were released for the following at June 30:

	<u>2019</u>	<u>2018</u>
Time restricted for general support	\$ 279,000	\$ 939,555
Purpose restricted for:		
Thematic grantmaking	9,438,761	7,730,179
Access to education	274,000	217,500
Advocacy programs	246,624	363,464
Other restrictions	24,328	53,067
Fiscal sponsorship of women's funds	51,093	141,333
	<u>\$ 10,313,806</u>	<u>\$ 9,445,098</u>
Total net assets with donor restrictions released	<u>\$ 10,313,806</u>	<u>\$ 9,445,098</u>

NOTE 12 – IN-KIND DONATIONS

The Organization recognized contribution revenue for in-kind donations received at their estimated fair values for the following at June 30:

	<u>2019</u>	<u>2018</u>
Legal	\$ 11,213	\$ 24,684
Total in-kind donations	<u>\$ 11,213</u>	<u>\$ 24,684</u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

NOTE 13 – ENDOWMENT FUND

The Organization's endowment consists of three funds established for a variety of purposes and includes donor-restricted funds. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the 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 Organization 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 or distributions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation or distribution is added to the fund. The remaining portion of the donor-restricted net assets not classified as net assets with donor restrictions are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment net assets composition by type of fund as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
The Lewis T. and Patsy P. Preston Fund	\$ -	\$ 5,915,590	\$ 5,915,590
Grace Jackson Fund	-	68,310	68,310
Board-designated endowment funds			
Quasi Endowment Legacy Fund	<u>8,686,195</u>	<u>-</u>	<u>8,686,195</u>
Total	<u>\$ 8,686,195</u>	<u>\$ 5,983,900</u>	<u>\$ 14,670,095</u>

The Global Fund for Women, Inc.
Notes to Consolidated Financial Statements

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 8,221,912	\$ 5,702,471	\$ 13,924,383
Investment return			
Investment income	208,386	166,058	374,444
Realized and unrealized gains	508,006	413,593	921,599
Designation of assets	(221,693)	-	(221,693)
Appropriation of endowment assets for expenditures	(30,416)	(298,222)	(328,638)
Endowment net assets, end of year	<u>\$ 8,686,195</u>	<u>\$ 5,983,900</u>	<u>\$ 14,670,095</u>

Endowment net assets composition by type of fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
The Lewis T. and Patsy P. Preston Fund	\$ -	\$ 5,639,388	\$ 5,639,388
Grace Jackson Fund	-	63,083	63,083
Board-designated endowment funds			
Quasi Endowment Legacy Fund	8,221,912	-	8,221,912
Total	<u>\$ 8,221,912</u>	<u>\$ 5,702,471</u>	<u>\$ 13,924,383</u>

Changes in endowment net assets for the year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 7,009,851	\$ 5,572,547	\$ 12,582,398
Investment return			
Investment income	182,103	142,951	325,054
Realized and unrealized gains	296,527	223,786	520,313
Contributions	760,296		760,296
Appropriation of endowment assets for expenditures	(26,865)	(236,813)	(263,678)
Endowment net assets, end of year	<u>\$ 8,221,912</u>	<u>\$ 5,702,471</u>	<u>\$ 13,924,383</u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to preserve the purchasing power of the Endowment Fund and at the same time provide a regular and growing distribution of funds for the use of the Organization, consistent with the terms of the Endowment Fund Distribution Policy and the terms governing each of the individual endowment funds. A balanced approach is to be taken between risk, preservation of capital, income, and growth.

Strategies

To satisfy its investment policy objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) of equity-based investments, and current yield (interest and dividends) on fixed income investments. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year an amount not to exceed 6% of its endowment fund's average asset fair market value over the past twelve quarters. The Board of Directors may request all, a portion, or none of the appropriation be distributed in accordance with the endowment fund's purpose as defined by the endowment agreement or applicable board resolution. Any portion of the distribution not appropriated by the Board shall be kept in the endowment fund, be governed by the endowment investment policy, and be available for future distribution in accordance with the distribution policy.

Socially-Responsible Investment Policy

The Organization has an investment policy that is directly in line with the philosophy of its work and its organizational values. To prevent a conflict with these values, the Organization seeks to invest in companies whose policies it supports and avoids investment in companies whose behavior it considers reprehensible. The Organization avoids companies that derive revenue from products seen as harmful to the rights of women and girls, in particular their health and freedom from violence. The secondary avoidance screen avoids investing in companies that have business practices that do not uphold the dignity and rights of female workers and consumers. The supportive investment screens include investing in alternative energy and companies that believe in a high quality of products and services, research, being of service to the economically disadvantaged, and fostering a sense of community and respect in the workplace. The proactive social investment includes shareholder activism on issues that reflect the Organization's values.

NOTE 14 – TAX STATUS

The Global Fund for Women, Inc. (Global Fund for Women), is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code (the Code), and contributions to it are tax deductible as prescribed by the Code. Global Fund for Women is also exempt from California income tax under Section 23701d of the California Revenue and Taxation Code. There is no unrelated business income tax for the years ended June 30, 2019 and 2018; as such, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

Global Fund for Women has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a “publicly supported” organization under Section 170(b)(1)(A)(vi) of the Code.

Global Fund for Women Fundamental Project LLC, a California limited liability company, is considered a disregarded entity for federal tax purposes and therefore falls under the exemption of Global Fund for Women.

Global Fund for Women UK, a charitable entity set up as a company limited by guarantee in the UK, is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

The Organization assesses its accounting for uncertainties in income taxes recognized in its consolidated financial statements and prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return.

NOTE 15 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Organization paid grants to organizations of which board members are either Presidents or the Executive Directors. Members of the Board who are either the President or the Executive Director of a Global Fund for Women, Inc. grantee organization recuse themselves when the Board decides whether to approve these grants. The Organization awarded two such grants totaling \$69,000 and five such grants totaling \$117,499 during the years ended June 30, 2019 and 2018, respectively.

NOTE 16 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization’s financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets	
Cash and cash equivalents	\$ 20,864,586
Contributions and other receivable, net	3,686,223
Other receivables	<u>222,655</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 24,773,464</u></u>

The Global Fund for Women, Inc.

Notes to Consolidated Financial Statements

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, grants payable, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. Management is aware of the cyclical nature of the Organization's cash flow related to various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Additionally, the Organization has board-designated net assets that could be available for current operations with board approval, if necessary.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements were available to be issued.

The Organization has evaluated all subsequent events through September 30, 2019, the date that the consolidated financial statements are available to be issued, and determined there are no material recognized or unrecognized subsequent events, the nature of which would require disclosure.

