



Financial Statements
March 31, 2019 and 2018

The Women's Foundation of Minnesota

The Women's Foundation of Minnesota

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Independent Auditor's Report

The Board of Trustees
The Women's Foundation of Minnesota
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of The Women's Foundation of Minnesota, which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended March 31, 2019, 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 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 audit 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 The Women's Foundation of Minnesota as of March 31, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the March 31, 2018 financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota
June 21, 2019

The Women's Foundation of Minnesota
 Statements of Financial Position
 March 31, 2019 and 2018

	2019	2018 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,703,158	\$ 4,795,803
Promises to give, net	1,049,392	1,006,110
Prepaid expenses	54,508	60,669
Total current assets	4,807,058	5,862,582
Property and Equipment, net	128,421	150,589
Other Assets		
Endowment		
Investments	19,515,308	19,294,895
Program related investments	600,000	600,000
Due to operations	(54,226)	(62,598)
PRI interest receivable	4,104	3,104
Beneficial interest in trust	47,435	48,363
Total endowment	20,112,621	19,883,764
Security deposit	7,450	7,450
Long-term promises to give, net	503,240	1,342,243
Total other assets	20,623,311	21,233,457
Total assets	\$ 25,558,790	\$ 27,246,628

The Women's Foundation of Minnesota
 Statements of Financial Position
 March 31, 2019 and 2018

	2019	2018 (Restated)
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 40,756	\$ 117,807
Gift annuities payable	4,900	4,900
Accrued expenses	121,670	117,519
Grants payable	325,000	208,500
Total current liabilities	492,326	448,726
Long-Term Gift Annuities Payable	51,932	54,809
Total liabilities	544,258	503,535
Net Assets		
Without donor restrictions		
Undesignated	1,219,613	1,154,719
Donor advised funds	4,497,609	4,782,641
Board-designated operating reserve	935,369	814,575
Board-designated endowment	539,423	509,471
	7,192,014	7,261,406
With donor restrictions		
Purpose and time restricted	2,384,915	4,149,107
Accumulated investment gains on endowment	1,057,201	1,098,108
Perpetual in nature	14,380,402	14,234,472
	17,822,518	19,481,687
Total net assets	25,014,532	26,743,093
Total liabilities and net assets	\$ 25,558,790	\$ 27,246,628

The Women's Foundation of Minnesota

Statements of Activities
Year Ended March 31, 2019

	Without Donor Restriction			Total
	Undesignated and Board Designated	Donor Advised Funds	With Donor Restrictions	
Public Support and Revenue				
Grants and contributions	\$ 951,948	\$ 310,171	\$ 1,475,485	\$ 2,737,604
Other income	61,011	-	-	61,011
Net assets released from restriction pursuant to endowment spending- rate distribution formula	834,000	-	(834,000)	-
Net assets released from donor advised designation	406,957	(406,957)	-	-
Net investment return	27,930	318,760	785,165	1,131,855
Net assets released from donor advised funds	507,006	(507,006)	-	-
Net assets released from restrictions	3,085,819	-	(3,085,819)	-
Total public support and revenue	5,874,671	(285,032)	(1,659,169)	3,930,470
Expenses				
Grantmaking, research, public policy, and education	4,699,320	-	-	4,699,320
Administrative	926,272	-	-	926,272
Fundraising	33,439	-	-	33,439
Total expenses	5,659,031	-	-	5,659,031
Change in Net Assets	215,640	(285,032)	(1,659,169)	(1,728,561)
Net Assets, Beginning of Year (Restated)	2,478,765	4,782,641	19,481,687	26,743,093
Net Assets, End of Year	\$ 2,694,405	\$ 4,497,609	\$ 17,822,518	\$ 25,014,532

The Women's Foundation of Minnesota

Statements of Activities

Year Ended March 31, 2018 (Restated)

	Without Donor Restrictions			Total
	Undesignated and Board Designated	Donor Advised Funds	With Donor Restrictions	
Public Support and Revenue				
Grants and contributions	\$ 483,298	\$ 800,461	\$ 3,014,974	\$ 4,298,733
Other income	9,450	-	-	9,450
Net assets released from restriction pursuant to endowment spending- rate distribution formula	798,000	-	(798,000)	-
Net assets released from donor advised designation	502,556	(502,556)	-	-
Net investment return	44,975	536,451	1,344,056	1,925,482
Transfer due to donor contract amendment	-	25,000	(25,000)	-
Net assets released from donor advised funds	551,066	(551,066)	-	-
Net assets released from restrictions	3,343,810	-	(3,343,810)	-
Total public support and revenue	5,733,155	308,290	192,220	6,233,665
Expenses				
Grantmaking, research, public policy, and education	4,572,027	-	-	4,572,027
Administrative	772,259	-	-	772,259
Fundraising	30,253	-	-	30,253
Total expenses	5,374,539	-	-	5,374,539
Change in Net Assets	358,616	308,290	192,220	859,126
Net Assets, Beginning of Year	2,120,149	4,474,351	19,289,467	25,883,967
Net Assets, End of Year	\$ 2,478,765	\$ 4,782,641	\$ 19,481,687	\$ 26,743,093

The Women's Foundation of Minnesota
Statement of Functional Expenses
Year Ended March 31, 2019

	Grantmaking, Research, Public Policy, and Education	Administrative	Fundraising	Total
Expenses				
Salaries and wages	\$ 1,128,390	\$ 495,464	\$ 18,752	\$ 1,642,606
Payroll taxes	78,030	33,855	1,292	113,177
Employee benefits	194,942	76,942	-	271,884
Contracted services	473,912	189,709	8,900	672,521
Meetings and travel	105,048	1,972	4,370	111,390
Grantmaking expense disbursements	2,436,739	-	-	2,436,739
Occupancy	74,897	29,471	-	104,368
Information technology	20,679	8,137	-	28,816
Office expenses	66,980	15,840	125	82,945
Advertising and promotion	1,097	-	-	1,097
Depreciation expense	42,778	16,833	-	59,611
Other expenses	37,145	17,629	-	54,774
Staff development and activities	23,897	31,231	-	55,128
Membership dues and subscriptions	9,512	7,114	-	16,626
Insurance	5,274	2,075	-	7,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses included in the expense section on the statement of activities	<u>\$ 4,699,320</u>	<u>\$ 926,272</u>	<u>\$ 33,439</u>	<u>\$ 5,659,031</u>

The Women's Foundation of Minnesota

Statements of Cash Flows

Years Ended March 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (1,728,561)	\$ 859,126
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	59,611	61,797
Realized and unrealized (gain) loss on investments	(809,095)	(1,670,344)
Loss on sale of property and equipment	404	-
Contributions restricted to endowment	(335,937)	(299,154)
Changes in operating assets and liabilities		
Promises to give, net	795,721	227,272
Prepaid expenses	6,161	8,914
Due from operations	(8,372)	(282,677)
PRI interest receivable	(1,000)	4,000
Accounts payable	(77,051)	105,365
Gift annuities payable	(2,877)	(2,146)
Accrued expenses	4,151	18,346
Grants payable	116,500	(110,500)
Net Cash used for Operating Activities	<u>(1,980,345)</u>	<u>(1,080,001)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(39,576)	(34,166)
Proceeds from sales of property and equipment	1,729	-
Purchase of investments	(1,256,410)	(240,409)
Proceeds on sale of investments	1,846,020	1,262,596
Net Cash from Investing Activities	<u>551,763</u>	<u>988,021</u>
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	335,937	299,154
Net Change in Cash and Cash Equivalents	(1,092,645)	207,174
Cash and Cash Equivalents, Beginning of Year	<u>4,795,803</u>	<u>4,588,629</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,703,158</u>	<u>\$ 4,795,803</u>

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

The Women's Foundation of Minnesota (the Foundation), founded in 1983 and incorporated on December 16, 1988, is the first and largest statewide women's foundation in the country. As a statewide community foundation, it is the Foundation's mission to invest in innovation to drive gender equity in Minnesota. The Foundation aims to create a world of equal opportunity where women, girls, and all people hold the power to create and lead safe, prosperous lives. Through annual statewide grantmaking, research, and policy, the Foundation is building pathways to economic security for young women who experience the greatest disparities in outcomes, particularly low-income women and girls, women and girls of color and American Indian women and girls, and women and girls from Greater Minnesota.

On April 1, 2016, the Foundation launched a new, ten-year strategic plan with four new strategic goals, including: 1) invest in organizations, leaders, and the movement to create conditions for women and girls to thrive; 2) focus on grantmaking, research, and policy to create pathways to prosperity and security for low-income women and girls; 3) fortify the Foundation's assets to maximize impact and scale; and 4) galvanize resources to end sex trafficking in Minnesota.

During the year ended March 31, 2019, the Foundation invested \$3.06 million to create equal opportunity and build pathways to economic security for women and girls who experience the greatest disparities in outcomes through grantmaking, program related investments, research, and public policy.

Grantmaking

For the year ended March 31, 2019, the Foundation had three competitive grantmaking funds: girlsBEST (girls Building Economic Success Together) Fund, Innovation fund, MN Girls Are Not For Sale Fund, and the Young Women's Initiative of Minnesota.

1. girlsBEST (girls Building Economic Success Together): Through girlsBEST, the Foundation awards grants to girl-led, girl-driven statewide programs that increase the readiness of low-income girls, girls of color, and girls from Greater Minnesota (ages 12-18) to achieve future economic prosperity through four program tracks: Academics; Entrepreneurship; Employment Development and High-paying/High-skill Careers; and Public Education and Advocacy.
2. Innovation: Through the Innovation fund, the Foundation provides general operating support to organizations that drive gender equity in Minnesota. Because gender inequity looks different in every community, we use our Intersectional Equity Framework™ to look at how gender, race, place (geography), and additional identities (ethnicity, sovereignty, class, age, ability, LGBTQ+, immigration status) intersect to help identify the most innovative solutions to build greater gender equity. Priority is given to organizations working to safeguard the rights of women related to reproductive health, political leadership, immigration, and sexual harassment.

3. MN Girls Are Not For Sale: MN Girls Are Not For Sale is an eight-year, \$7.5 million campaign of the Women's Foundation of Minnesota to galvanize resources to end sex trafficking in Minnesota.

In its final year of funding the MN Girls Are Not for Sale campaign, the Foundation was responsive to community input as partners requested funding focused on strengthening systems and infrastructure of the field. Additionally, partners called for investments to increase the leadership of under-represented cultural communities in the field. By funding strong business and operations models and supporting existing and emerging programming by and for under-represented cultural communities, the Foundation is investing in the continued progress of the movement to end sex trafficking statewide. As the Foundation transforms its role from a central leader to a partner in the movement to end sex trafficking, the Foundation will continue to invest in women's safety and work with communities broadly to end gender-based violence, a continuum that includes sexual harassment, assault, domestic violence, rape, and sex trafficking.

4. Young Women's Initiative of Minnesota (YWI MN): YWI MN is a seven-year, \$9 million statewide initiative focused on creating a Minnesota where every young woman thrives. YWI MN is a first-of-its-kind public-private partnership between the Foundation and the Minnesota Governor's Office and centers the solutions and leadership of young women (ages 12-24). Young women design and drive YWI MN, because we know that equity in design leads to equity in outcomes. YWI MN builds on work the Foundation has been leading since our founding and focuses on ensuring economic opportunity, safety, and leadership for and with young women in eight Minnesota communities facing the greatest disparities in outcomes and opportunities: African American, African Immigrant, American Indian, Asian American and Pacific Islander, Latina, LGBTQ+, Disabilities, and Greater Minnesota.

Research, Education, and Public Policy

The Foundation has funded, conducted, and published original research on women and girls in Minnesota since its groundbreaking research in 1990. We use research to raise awareness and energize the momentum to shift attitudes, institutions, systems, and policies that create pathways to economic prosperity, safety, wellness, and equal leadership for all the state's women and girls. Through research, a baseline is provided for measuring where to apply needed interventions and benchmark continued progress on the road to equality for all women and girls in Minnesota. Our commitment to funding research and solid data has enabled us to focus and expand our grantmaking, educate opinion and policy makers, advocate public policy, and raise public awareness and engagement to benefit women, families, and all Minnesotans.

In 2009, the Foundation launched the *Status of Women & Girls in Minnesota* (Status) research project in partnership with the University of Minnesota's Humphrey School's Center on Gender, Women, and Public Policy. Data specific to Minnesota women and girls has been gathered, analyzed, and published in economics, safety, health, and leadership. The Status research and community input expands the available data on women and girls, provides ongoing trend analysis, informs the Foundation's annual grantmaking and policy agenda, identifies new areas where research is needed, and raises public awareness about the needs of women and girls in Minnesota. The Foundation, in partnership with the University of Minnesota Humphrey School's Center on Women, Gender, and Public Policy, released the latest *Status of Women & Girls in Minnesota* research in April 2018. The *Status* report is the leading comprehensive research on the status of women and girls in the state in economics, safety, health, and leadership.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Foundation are excluded from this definition.

Promises to Give

Unconditional promises to give, expected to be collected within one year, are reported at net realizable value. Unconditional promises to give, expected to be collected in future years, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The adjustment to net present value for contributions and pledges receivable was \$23,277 and \$59,729 at March 31, 2019 and 2018, respectively. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At March 31, 2019 and 2018, the allowance was \$10,483 and \$21,171, respectively.

Property and Equipment

Property and equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended March 31, 2019 and 2018.

Beneficial Interest in Charitable Trust

The Foundation receives contributions of property in which the donor may retain a life interest. The assets are invested and administered by an unrelated trustee and distributions are made to the beneficiaries during the term of the agreement. These funds are invested in debt and equity securities, and the Foundation records its interest in these trusts at fair value based on the estimated future cash receipts discounted at the applicable Federal rate of return; this rate was determined to be 4.4% at March 31, 2019. Initial recognition and subsequent adjustments to the assets carrying value are recognized as contribution revenue and changes in value of split interest agreements, respectively, and are classified as permanently restricted, temporarily restricted or unrestricted, depending on donor-stipulated purpose and time restrictions, if any. The value of these trusts was \$47,435 and \$48,363 for the years ended March 31, 2019 and 2018, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Donated investments are reflected in the financial statements at their fair value on the date of donation. Net investment return is reported in the statements of activities and consists of interest and dividends income, realized and unrealized gains/losses less external investment expenses.

Charitable Gift Annuities

The Foundation has established a gift annuity program whereby donors may contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contributions at the date of the gift, unless the donor has established restrictions on the contribution component. The Foundation uses published mortality tables adopted by the United States Internal Revenue Service. The annuity table is revalued annually based upon computed present values. Resulting gains (losses) are recorded as revenue in the appropriate net asset class. During the years ended March 31, 2019 and 2018, there were no contributions received under this program.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, donor advised funds, and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Materials and In-Kind Contributions

The Foundation receives donated services from a variety of unpaid volunteers assisting The Women's Foundation of Minnesota in providing crucial programmatic and professional services. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received. No significant contributions of such goods were received during the years ended March 31, 2019 and 2018.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated monthly according to staff timesheet allocations. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, contracted services, meetings and travel, occupancy, information technology, office expenses, depreciation, insurance, and other expenses.

Income Taxes

The Foundation is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations and individuals supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Change in Accounting Policy

As of April 1, 2018, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Foundation's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Foundation's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Foundation's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The ASU is effective for the Foundation and has been adopted for the year ended March 31, 2018, resulting in a restatement as a result of the adoption (Note 12).

The amendments should be applied on a retroactive basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Foundation has elected not to present comparative information for these amendments.

The Foundation has adopted this standard as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Subsequent Events

The Foundation has evaluated subsequent events through June 21, 2019, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	\$ 2,713,562
Promises to give	130,000
Endowment spending-rate distributions and appropriations	<u>1,009,000</u>
	<u>\$ 3,852,562</u>

The Foundation receives significant amounts of revenue with restrictions. Most commonly, a time and/or purpose restriction is imposed. As such, the Foundation releases revenue from restrictions (excluding investment distributions) totaling approximately 50% (nearly \$3 million) of the revenue it uses within a given year. This revenue and the related releases are excluded from the above amounts.

The Foundation has invested assets that include donor-restricted endowments, as well as funds designated by the Board as an endowment or operating reserve. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. According to the Foundation's investment policies, Board-designated endowments, totaling \$539,423, are subject to the same investment spending policy that permanent endowments are subject to. While the Foundation does not intend to spend from this endowment (other than amounts according to its spending policy), these amounts can be made available if necessary. Additionally, an operating reserve fund totaling \$935,369 was created for unexpected needs and can also be made available if necessary.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The fair values of beneficial interests in charitable trust is determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and is based on the fair values of trust investments as reported by the trustees. The fair value of the Foundation's beneficial interest in assets held by the trustee is based on the fair value of fund investments as reported by the trustee. These are considered to be Level 3 measurements.

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Notes to Financial Statements

March 31, 2019 and 2018

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at March 31, 2019 and 2018:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)	Total
March 31, 2019				
Beneficial interest in charitable trust	\$ -	\$ -	\$ 47,435	\$ 47,435
At NAV				
Commonfund Institutional Multi-Strategy Equity Fund, LLC	\$ -	\$ -	\$ -	\$ 13,531,214
Commonfund Institutional Multi-Strategy Private Equity Fund, LLC	-	-	-	130,350
Commonfund Institutional Multi-Strategy Bond Fund, LLC	-	-	-	5,853,744
	\$ -	\$ -	\$ -	\$ 19,515,308
March 31, 2018				
Beneficial interest in charitable trust	\$ -	\$ -	\$ 48,363	\$ 48,363
At NAV				
Commonfund Institutional Multi-Strategy Equity Fund, LLC	-	-	-	\$ 14,290,155
Commonfund Institutional Multi-Strategy Bond Fund, LLC	-	-	-	5,004,740
	\$ -	\$ -	\$ -	\$ 19,294,895

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Notes to Financial Statements

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Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2019 and 2018:

	2019	2018
Beneficial interest in charitable trust		
Balance, beginning of year	\$ 48,363	\$ 43,666
Unrealized gains (losses)	(928)	4,697
Balance, end of year	\$ 47,435	\$ 48,363

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at March 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
CFI Multi-Strategy Equity Fund	\$ 13,531,214	\$ -	Monthly *	30 days
CFI Multi-Strategy Private Equity Fund	130,350	-	Illiquid*	
CFI Multi-Strategy Bond Fund	5,853,744	-	Monthly *	30 days
	\$ 19,515,308	\$ -		

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at March 31, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
CFI Multi-Strategy Equity Fund	\$ 14,290,155	\$ -	Monthly *	30 days
CFI Multi-Strategy Bond Fund	5,004,740	-	Monthly *	30 days
	\$ 19,294,895	\$ -		

*The funds allow monthly redemption; however, in an effort to streamline operations, these transactions with Commonfund occur on a quarterly basis for internal purposes. As funds are received, they are recorded according to program and fund restriction. The total amount due to or from investments is tracked until a redemption or deposit from investments is initiated. This amount is netted against the investment draw used to fund operations.

CFI Multi-Strategy Equity Fund – The investment objective of the Multi-Strategy Equity Fund is to offer an investment program that will provide the strategy and manager diversification that an endowment would normally require for its public equity allocation. The fund is designed to add value over long time periods, above the return of the U.S. equity market as measured by the S&P 500 Index with similar risk characteristics.

CFI Multi-Strategy Private Equity Fund – The investment objective of the Multi-Strategy Private Equity Fund to allow smaller and medium sized institutions with at least five million dollars in total assets access to the same high-quality funds as larger institutions. The fund provides exposure to multiple private investment strategies in one program, enables lower minimum investment, and offers vintage-year diversification.

CFI Multi-Strategy Bond Fund – The investment objective of the Multi-Strategy Bond Fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund is designed to add value above the return of the broad U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index with similar risk characteristics.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at March 31, 2019 and 2018:

	2019	2018
Within one year	\$ 1,049,392	\$ 1,006,110
In one to five years	537,000	1,423,143
	<u>1,586,392</u>	<u>2,429,253</u>
Less allowance for doubtful pledges	(10,483)	(21,171)
Less discount to present value at rates ranging from 1.8% to 3.6%	<u>(23,277)</u>	<u>(59,729)</u>
Promises to give, net	<u>\$ 1,552,632</u>	<u>\$ 2,348,353</u>
Current portion of promises to give	\$ 1,049,392	\$ 1,006,110
Long-term portion of promises to give	<u>503,240</u>	<u>1,342,243</u>
Total promises to give	<u>\$ 1,552,632</u>	<u>\$ 2,348,353</u>

At March 31, 2019 and 2018, three donors accounted for 23% and 25% of total promises to give, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following for the years ended March 31, 2019 and 2018:

	2019	2018
Furniture and fixtures	\$ 417,037	\$ 399,986
Leasehold improvements	22,588	2,401
	<u>439,625</u>	<u>402,387</u>
Less accumulated depreciation	<u>(311,204)</u>	<u>(251,798)</u>
	<u>\$ 128,421</u>	<u>\$ 150,589</u>

Depreciation expense for the years ended March 31, 2019 and 2018, was \$59,611 and \$61,798, respectively.

Note 6 - Board-Designated Net Assets

The Board of the Foundation has designated certain assets of the Foundation to function as an endowment to maintain the grant-making capacity of the Foundation with a balance of \$539,423 and \$509,471 at March 31, 2019 and 2018, respectively. In addition, the Board has designated certain assets of the Foundation to function as various operating reserves. Total funds designated for this purpose were \$935,369 and \$814,575 as of March 31, 2019 and 2018, respectively.

Note 7 - Leases

The Foundation leases office space under various operating leases expiring at various dates through January 2024.

Future minimum lease payments are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2020	\$ 46,822
2021	48,437
2022	50,051
2023	51,666
2024	<u>53,280</u>
	<u>\$ 250,256</u>

Rent expense for the years ended March 31, 2019 and 2018, was \$104,368 and \$121,313, respectively.

Note 8 - Endowment

The Foundation's endowment (the endowment) includes both donor-restricted endowment funds and funds designated by the Foundation Board to function as endowments to provide annual funding for specific activities and general operations. The endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Trustees. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Board of Trustees of the Foundation has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At March 31, 2019, there were no such donor stipulations. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount and allowance for doubtful accounts); and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of March 31, 2019 and 2018, the Foundation had the following endowment net assets composition by type of fund:

	Without Donor Restrictions			
	Board- Designated	Donor-advised funds	With Donor Restrictions	Total
<u>March 31, 2019</u>				
Donor-restricted endowment funds	\$ -	\$ -	\$ 15,437,603	\$ 15,437,603
Donor-advised endowment funds	-	4,135,596	-	4,135,596
Board-designated endowment funds	539,423	-	-	539,423
	\$ 539,423	\$ 4,135,596	\$ 15,437,603	\$ 20,112,622
<u>March 31, 2018 (Restated)</u>				
Donor-restricted endowment funds	\$ -	\$ -	\$ 15,332,580	\$ 15,332,580
Donor-advised endowment funds	-	4,041,714	-	4,041,714
Board-designated endowment funds	509,471	-	-	509,471
	\$ 509,471	\$ 4,041,714	\$ 15,332,580	\$ 19,883,765

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that maintain the principal plus the consumer price index and to re-invest excess earnings that are equal to or exceed the various benchmarks that are representative of the asset allocation models. Investment risks are considered within the context of all managed assets and the need to meet specific objectives as determined by the Finance Committee. Volatility and risk will be controlled through asset allocation strategies and the selection of Investment Managers of mutual funds.

The Foundation's endowment was created to provide a perpetual source of reliable operating revenue. As such, the endowment operates in service of its mission. As a member of the National Council for Responsive Philanthropy, it has adopted the principles of responsible philanthropies, including a 6% spending policy. The Foundation balances intergenerational equity by continuing to raise new assets for its endowment.

To satisfy its long-term objectives, the Foundation relies on a balanced asset allocation model in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy that reflects a commitment to endowment growth by balancing the re-investment of annual earnings with the operating needs of the Foundation. Accordingly, over the long-term, the Foundation expects the current policy to allow its endowment to grow at a rate of return that equals or exceeds the various benchmarks that are representative of the asset allocation model identified. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts, changes in inflation, and investment return.

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Changes in endowment net assets for the years ended March 31, 2019 and 2018, are as follows:

	Without Donor Restrictions		With Donor Restrictions	Total
	Board-Designated	Donor-advised funds		
<u>Year Ended March 31, 2019</u>				
Endowment net assets, beginning of year	\$ 509,471	\$ 4,041,714	\$ 15,332,580	\$ 19,883,765
Investment return, net	29,952	318,760	785,165	1,133,877
Contributions	-	182,079	153,858	335,937
Distributions				
Donor-advised fund grants	-	(324,368)	-	(324,368)
Appropriations	-	-	(834,000)	(834,000)
Donor-advised fund administrative fees	-	(82,589)	-	(82,589)
Endowment net assets, end of year	<u>\$ 539,423</u>	<u>\$ 4,135,596</u>	<u>\$ 15,437,603</u>	<u>\$ 20,112,622</u>
<u>Year Ended March 31, 2018 (Restated)</u>				
Endowment net assets, beginning of year	\$ 461,742	\$ 3,763,665	\$ 14,731,524	\$ 18,956,931
Investment return, net	47,729	536,451	1,344,056	1,928,236
Contributions	-	219,154	80,000	299,154
Distributions				
Donor-advised fund grants	-	(421,603)	-	(421,603)
Appropriations	-	-	(798,000)	(798,000)
Donor-advised fund administrative fees	-	(80,953)	-	(80,953)
Transfer due to donor contract amendment	-	25,000	(25,000)	-
Endowment net assets, end of year	<u>\$ 509,471</u>	<u>\$ 4,041,714</u>	<u>\$ 15,332,580</u>	<u>\$ 19,883,765</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At March 31, 2019 and 2018, there were no underwater endowments.

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March 31, 2019 and 2018

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018 (Restated)</u>
Subject to expenditure for specified purpose		
Young Women's Initiative	\$ 1,494,359	\$ 2,626,482
Pathways to Prosperity	-	9,691
Minnesota Girls Are Not for Sale	306,538	899,901
	<u>1,800,897</u>	<u>3,536,074</u>
Subject to the passage of time	<u>584,018</u>	<u>613,033</u>
	<u>2,384,915</u>	<u>4,149,107</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Available for general use	10,057,162	10,057,162
Permanent fund for girls	2,442,724	2,321,750
Entrepreneurial activities for girls	250,000	250,000
Other special endowment funds	20,000	20,000
Donor advised endowment funds	1,610,516	1,585,560
	<u>14,380,402</u>	<u>14,234,472</u>
Subject to NFP endowment spending policy and appropriation		
General use	<u>1,057,201</u>	<u>1,098,108</u>
Total endowments	<u>15,437,603</u>	<u>15,332,580</u>
	<u>\$ 17,822,518</u>	<u>\$ 19,481,687</u>

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Notes to Financial Statements

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Net assets with donor restrictions released from restriction for the years ended March 31, 2019 and 2018, consist of the following:

	2019	2018 (Restated)
Expiration of time restrictions	\$ 301,537	\$ 121,266
Satisfaction of purpose restrictions		
Young Women's Initiative	1,905,100	1,039,377
GirlsBEST	43,600	379,231
Pathways to Prosperity	24,691	460,308
Minnesota Girls Are Not for Sale	810,891	1,343,628
	3,085,819	3,343,810
Restricted-purpose spending-rate distributions and appropriations		
General use	834,000	798,000
	\$ 3,919,819	\$ 4,141,810

Note 10 - Pension Expense

The Foundation sponsors a 401(k) plan that covers substantially all employees. Pension plan expense was \$96,167 and \$92,898 for the years ended March 31, 2019 and 2018, respectively.

Note 11 - Related Party Transactions

The Foundation has outstanding pledges and/or grants receivable from 49 individuals and/or institutions. The Board of Trustees (Trustees) are deeply committed to the mission and vision of the Foundation. Due to this commitment, the Foundation has five outstanding pledges from current Trustees totaling \$272,549. The Foundation is thankful to its Trustees for the numerous ways they contribute to driving gender equity.

Note 12 - Adoption of ASU 2016-14

The Foundation adopted the provisions of FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, as of April 1, 2018.

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Notes to Financial Statements

March 31, 2019 and 2018

The following financial statement line items for the year ended March 31, 2018, were restated as a result of the adoption:

Statement of Financial Position	As Previously Reported	Adoption of ASU 2016-14	As Restated
Unrestricted			
Undesignated	\$ 1,154,720	\$ (1,154,720)	\$ -
Board-designated operating reserve	814,575	(814,575)	-
Board-designated endowment	509,471	(509,471)	-
Temporarily restricted net assets	10,029,855	(10,029,855)	-
Permanently restricted net assets	14,234,472	(14,234,472)	-
Net assets without donor restrictions			
Undesignated	-	1,154,719	1,154,719
Donor advised funds	-	4,782,641	4,782,641
Board-designated operating reserve	-	814,575	814,575
Board-designated endowment	-	509,471	509,471
Net assets with donor restrictions			
Purpose and time restricted	-	4,149,107	4,149,107
Accumulated investment gains on endowment	-	1,098,108	1,098,108
Perpetual in nature	-	14,234,472	14,234,472
Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Restated
Public Support and Revenue			
Grants and contributions			
Unrestricted	\$ 898,894	\$ (898,894)	\$ -
Temporarily restricted	3,735,435	(3,735,435)	-
Permanently restricted	80,000	(80,000)	-
Without donor restrictions			
Undesignated and Board-designated	-	483,298	483,298
Donor advised funds	-	800,461	800,461
With donor restrictions	-	3,014,974	3,014,974
Other income			
Unrestricted	9,450	(9,450)	-
Without donor restrictions			
Undesignated and Board-designated	-	9,450	9,450
Net assets released from restriction			
pursuant to endowment spending- rate			
distribution formula			
Unrestricted	1,300,556	(1,300,556)	-
Temporarily restricted	(1,300,556)	1,300,556	-
Without donor restrictions			
Undesignated and Board-designated	-	798,000	798,000
Without donor restrictions	-	(798,000)	(798,000)

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March 31, 2019 and 2018

Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Restated
Net assets released from donor-advised designation			
Without donor restrictions			
Undesignated and Board-designated donor-advised funds	\$ -	\$ 502,556	\$ 502,556
	-	(502,556)	(502,556)
Net investment return			
Unrestricted	44,975	(44,975)	-
Temporarily restricted	1,875,810	(1,875,810)	-
Permanently restricted	4,697	(4,697)	-
Without donor restrictions			
Undesignated and Board-designated	-	44,975	44,975
Donor-advised funds	-	536,451	536,451
With donor restrictions	-	1,344,056	1,344,056
Transfer due to donor contract amendment			
Temporarily restricted	25,000	(25,000)	-
Permanently restricted	(25,000)	25,000	-
Without donor restrictions			
Donor-advised funds	-	25,000	25,000
With donor restrictions	-	(25,000)	(25,000)
Net assets released from donor-advised funds			
Without donor restrictions			
Undesignated and Board-designated	-	551,066	551,066
Donor-advised funds	-	(551,066)	(551,066)
Net assets released from restrictions			
Unrestricted	3,894,877	(3,894,877)	-
Temporarily restricted	(3,894,877)	3,894,877	-
Without donor restrictions			
Undesignated and Board-designated	-	3,343,810	3,343,810
With donor restrictions	-	(3,343,810)	(3,343,810)
Expenses			
Grantmaking, research, public policy, and philanthropy	4,987,623	(415,596)	4,572,027