



*Report of Independent Auditors and Financial Statements*

**The Global Fund for Women, Inc.**

*June 30, 2018 and 2017*

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## **Report of Independent Auditors**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of The Global Fund for Women, Inc. (the “Organization”), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the 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, 2018 and 2017, 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.

*Moss Adams LLP*

San Francisco, California  
October 31, 2018

## **Financial Statements**

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**The Global Fund for Women, Inc.**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash, and cash equivalents	\$ 14,461,681	\$ 6,626,726
Contributions receivable, net	6,114,963	4,864,745
Other receivables	465,765	456,614
Prepaid expenses	202,251	303,597
	<u>21,244,660</u>	<u>12,251,682</u>
<b>LONG-TERM ASSETS</b>		
Deposits	42,680	39,680
Investments designated for long-term purposes	7,065,477	6,881,081
Investments restricted for long-term purposes	5,486,471	5,356,547
Contributions receivable, net	2,118,531	3,507,512
Beneficial interest in trusts	267,038	256,973
Property and equipment, net	111,270	176,499
	<u>15,091,467</u>	<u>16,218,292</u>
Total assets	<u>\$ 36,336,127</u>	<u>\$ 28,469,974</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Grants payable	\$ 6,192,809	\$ 3,934,055
Accounts payable and accrued expenses	459,176	477,620
	<u>6,651,985</u>	<u>4,411,675</u>
Deferred rent	116,592	112,737
Grants payable	2,324,106	3,176,356
	<u>2,440,698</u>	<u>3,289,093</u>
Total liabilities	<u>9,092,683</u>	<u>7,700,768</u>
<b>NET ASSETS</b>		
Unrestricted net assets	9,654,922	7,511,996
Temporarily restricted net assets	13,174,176	8,842,864
Permanently restricted net assets	4,414,346	4,414,346
	<u>27,243,444</u>	<u>20,769,206</u>
Total liabilities and net assets	<u>\$ 36,336,127</u>	<u>\$ 28,469,974</u>

**The Global Fund for Women, Inc.**  
**Statement of Activities**

**For the Year Ended June 30, 2018 (with Comparative Totals for the Year Ended June 30, 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>SUPPORT AND REVENUES</b>					
Contributions					
Foundations and other organizations	\$ 147,578	\$ 8,153,038	\$ -	\$ 8,300,616	\$ 5,422,544
Corporations	194,929	417,059	-	611,988	319,831
Government/multilateral	-	73,451	-	73,451	40,543
Individuals	4,192,538	4,776,872	-	8,969,410	8,934,838
Bequests	1,861,513	-	-	1,861,513	-
Other income	690,518	-	-	690,518	729,149
Investment income	451,346	345,925	-	797,271	1,215,628
Change in value of beneficial interest in trusts	-	10,065	-	10,065	20,637
In-kind donations	24,684	-	-	24,684	22,633
Net assets released from restrictions	9,445,098	(9,445,098)	-	-	-
	<u>17,008,204</u>	<u>4,331,312</u>	<u>-</u>	<u>21,339,516</u>	<u>16,705,803</u>
<b>EXPENSES</b>					
Program services					
Grants awarded	7,794,845	-	-	7,794,845	10,197,102
Grants and grantee services	2,038,835	-	-	2,038,835	1,943,081
Advocacy	1,917,471	-	-	1,917,471	1,983,044
	<u>11,751,151</u>	<u>-</u>	<u>-</u>	<u>11,751,151</u>	<u>14,123,227</u>
Management and general	877,310	-	-	877,310	832,881
Fundraising	2,236,817	-	-	2,236,817	1,822,723
	<u>14,865,278</u>	<u>-</u>	<u>-</u>	<u>14,865,278</u>	<u>16,778,831</u>
<b>CHANGE IN NET ASSETS</b>	2,142,926	4,331,312	-	6,474,238	(73,028)
<b>NET ASSETS</b> , beginning of year	<u>7,511,996</u>	<u>8,842,864</u>	<u>4,414,346</u>	<u>20,769,206</u>	<u>20,842,234</u>
<b>NET ASSETS</b> , end of year	<u>\$ 9,654,922</u>	<u>\$ 13,174,176</u>	<u>\$ 4,414,346</u>	<u>\$ 27,243,444</u>	<u>\$ 20,769,206</u>

See accompanying notes.

**The Global Fund for Women, Inc.**  
**Statement of Activities (continue)**  
**For the Year Ended June 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total 2017</b>
<b>SUPPORT AND REVENUES</b>				
Contributions				
Foundations and other organizations	\$ 861,114	\$ 4,561,430	\$ -	\$ 5,422,544
Corporations	117,915	201,916	-	319,831
Government/multilateral	-	40,543	-	40,543
Individuals	4,019,027	4,915,811	-	8,934,838
Other income	674,899	54,250	-	729,149
Investment income	682,655	532,973	-	1,215,628
Change in value of beneficial interest in trusts	-	20,637	-	20,637
In-kind donations	22,633	-	-	22,633
Net assets released from restrictions	11,800,284	(11,800,284)	-	-
	18,178,527	(1,472,724)	-	16,705,803
<b>EXPENSES</b>				
Program services				
Grants awarded	10,197,102	-	-	10,197,102
Grants and grantee services	1,943,081	-	-	1,943,081
Advocacy	1,983,044	-	-	1,983,044
	14,123,227	-	-	14,123,227
Management and general	832,881	-	-	832,881
Fundraising	1,822,723	-	-	1,822,723
	16,778,831	-	-	16,778,831
<b>CHANGE IN NET ASSETS</b>	1,399,696	(1,472,724)	-	(73,028)
<b>NET ASSETS</b> , beginning of year	6,112,300	10,315,588	4,414,346	20,842,234
<b>NET ASSETS</b> , end of year	\$ 7,511,996	\$ 8,842,864	\$ 4,414,346	\$ 20,769,206

See accompanying notes.



**The Global Fund for Women, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,474,238	\$ (73,028)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(528,662)	(975,436)
Change in discount on contributions receivable	(82,329)	(48,451)
Depreciation and amortization	74,692	79,183
Change in value of beneficial interest in trust	(10,065)	(20,637)
Changes in operating assets and liabilities		
Contributions receivable	221,092	(288,741)
Other receivables	(9,151)	(343,950)
Prepaid expenses	101,346	(33,261)
Deposits	(3,000)	24,345
Grants payable	2,258,754	2,744,704
Accounts payable and accrued expenses	(18,444)	38,029
Deferred rent	3,855	14,116
Net cash provided by operating activities	<u>8,482,326</u>	<u>1,116,873</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(9,463)	(5,038)
Proceeds from sale of investments	3,056,752	3,425,005
Purchases of investments	<u>(2,842,410)</u>	<u>(3,314,194)</u>
Net cash provided by investing activities	<u>204,879</u>	<u>105,773</u>
Net increase in cash and cash equivalents	7,834,955	1,222,648
<b>CASH, CASH EQUIVALENTS AND DESIGNATED CASH, beginning of year</b>	<u>6,626,726</u>	<u>5,404,078</u>
<b>CASH, CASH EQUIVALENTS AND DESIGNATED CASH, end of year</b>	<u>\$ 14,461,681</u>	<u>\$ 6,626,726</u>

**The Global Fund for Women, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018 (with Comparative Totals for the Year Ended June 30, 2017)**

	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>Pooled</u>	<u>Total 2018</u>	<u>Total 2017</u>
	<u>Grants and Grantee Services</u>	<u>Advocacy</u>					
Grants awarded	\$ 7,794,845	\$ -	\$ -	\$ -	\$ -	\$ 7,794,845	\$ 10,197,102
Other expenses							
Salaries	1,151,864	924,480	405,267	1,140,122	280,291	3,902,024	3,594,155
Payroll taxes	83,043	67,364	28,768	86,745	18,346	284,266	269,268
Employee benefits	174,159	140,813	60,245	180,846	70,317	626,380	621,321
Personnel costs	1,409,066	1,132,657	494,280	1,407,713	368,954	4,812,670	4,484,744
Advertising	-	16,972	-	3,788	3,665	24,425	36,191
Conferences and meetings	4,909	6,984	225	6,148	1,190	19,456	30,147
Depreciation and amortization	-	-	-	-	74,692	74,692	79,183
Information technology	1,347	40,522	44,120	24,420	159,037	269,446	249,485
Occupancy	-	-	4,122	-	432,953	437,075	445,527
Other	4,964	2,428	7,415	55,253	29,897	99,957	104,867
Outside/professional services	126,297	323,260	136,813	146,200	32,477	765,047	602,611
Postage and shipping	233	39	352	42,044	1,545	44,213	29,974
Printing and publications	17	535	-	111,017	374	111,943	108,164
Supplies	2,528	887	505	1,287	7,794	13,001	16,738
Telephone	374	165	-	40	51,782	52,361	43,807
Travel and meals	120,927	92,306	58,837	65,170	8,907	346,147	350,291
Pooled cost allocation	368,173	300,716	130,641	373,737	(1,173,267)	-	-
Total other expenses	2,038,835	1,917,471	877,310	2,236,817	-	7,070,433	6,581,729
Total expenses	<u>\$ 9,833,680</u>	<u>\$ 1,917,471</u>	<u>\$ 877,310</u>	<u>\$ 2,236,817</u>	<u>\$ -</u>	<u>\$ 14,865,278</u>	<u>\$ 16,778,831</u>

See accompanying notes.

**The Global Fund for Women, Inc.**  
**Statement of Functional Expenses (continue)**  
**Year Ended June 30, 2017**

	<b>Program Services</b>		<b>Management and General</b>	<b>Fundraising</b>	<b>Pooled</b>	<b>Total 2017</b>
	<b>Grants and Grantee Services</b>	<b>Advocacy</b>				
Grants awarded	\$ 10,197,102	\$ -	\$ -	\$ -	\$ -	\$ 10,197,102
Other expenses						
Salaries	1,060,948	948,438	393,179	874,647	316,943	3,594,155
Payroll taxes	78,882	68,961	28,634	66,622	26,169	269,268
Employee benefits	174,128	152,529	59,290	140,455	94,919	621,321
Personnel costs	1,313,958	1,169,928	481,103	1,081,724	438,031	4,484,744
Advertising	-	19,613	-	10,950	5,628	36,191
Conferences and meetings	4,636	16,543	2,940	4,938	1,090	30,147
Depreciation and amortization	-	-	-	-	79,183	79,183
Information technology	1,227	25,655	32,462	22,383	167,758	249,485
Occupancy	-	2,000	3,692	500	439,335	445,527
Other	14,973	5,951	14,287	45,535	24,121	104,867
Outside/professional services	121,182	252,367	81,107	110,600	37,355	602,611
Postage and shipping	10	34	637	27,952	1,341	29,974
Printing and publications	5	2,531	6,721	98,907	-	108,164
Supplies	1,495	2,343	615	4,845	7,440	16,738
Telephone	467	3,893	40	10	39,397	43,807
Travel and meals	77,058	120,018	59,221	78,304	15,690	350,291
Pooled cost allocation	408,070	362,168	150,056	336,075	(1,256,369)	-
Total other expenses	1,943,081	1,983,044	832,881	1,822,723	-	6,581,729
Total expenses	<u>\$ 12,140,183</u>	<u>\$ 1,983,044</u>	<u>\$ 832,881</u>	<u>\$ 1,822,723</u>	<u>\$ -</u>	<u>\$ 16,778,831</u>

See accompanying notes.

# The Global Fund for Women, Inc.

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** – The Global Fund for Women, Inc. (the “Organization”) is a global champion for the human rights of women and girls. The Organization uses its powerful networks to find, fund, and amplify the courageous work of women who are building social movements and challenging the status quo. The Organization 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. As of June 30, 2018 and 2017, there was no significant activity in the Global Fund for Women UK entity.

Global Fund for Women Fundamental Project LLC, a California limited liability company, was formed on October 17, 2017. As of June 30, 2018, there was no significant activity in the Global Fund for Women Fundamental Project LLC.

The following program and supporting services are included in the accompanying 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.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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.

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

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**Basis of accounting** – The accompanying 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.

**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 statements of financial position. Unrealized gains and losses are included in investment income in the accompanying 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 permanently restricted. When a donor restriction is met, temporarily restricted net assets are released to unrestricted net assets and reported in the 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 2018 and 2017.

**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, 2018 and 2017, respectively.

## The Global Fund for Women, Inc.

### Notes to Financial Statements

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**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.

**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 \$246,614 and \$257,937 as of June 30, 2018 and 2017, respectively, are included in accounts payable and accrued expenses in the statements of financial position.

**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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization's net assets are categorized as follows:

**Unrestricted net assets** – Unrestricted net assets include unrestricted contributions, income earned on unrestricted or restricted net assets, and amounts for which restrictions have expired.

**Temporarily restricted net assets** – Temporarily restricted net assets represent resources restricted by donors for a specific purpose or based on a time restriction and the earnings on permanently restricted endowments. The related investment income, expense, and realized and unrealized gains and losses of endowment funds are maintained in temporarily restricted net assets until released.

**Permanently restricted net assets** – Permanently restricted net assets represent cash and investments that are subject to gift instrument restrictions that require the principal to be invested in perpetuity. For permanently restricted endowments, the related investment income, expenses, and realized and unrealized gains or losses are included in temporarily restricted net assets in accordance with the Uniform Prudent Management of Institutional Funds Act (the "UPMIFA").

**Fiscal sponsorship** – The Organization offers a fiscal sponsorship program for selected partner organizations the work of which furthers the Organization's mission and exempt purpose. The priority areas of focus for the fiscal sponsorship program are women's funds and other grant making entities, although requests from other organizations are also considered. The largest organization in the fiscal sponsorship program was the International Network of Women's Funds ("INWF"), a membership association linking women's funds to promote philanthropy with a feminist perspective. INWF's mission is to strengthen the political and financial capacity of women's funds to empower women and girls and redistribute resources to transform their lives and communities. In 2016 INWF became Prospera, which formed an independent Canadian not-for-profit organization in December 2016. The Organization awarded Prospera a grant of \$1,565,706 for the remaining balance of the temporarily restricted funds designated for International Network of Women's Funds at February 28, 2017.

**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.

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

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

**Functional allocation of expenses** – Expenses are charged to programs and supporting services on the basis of periodic time and expense studies as well as estimates made by the Organization’s management. Pooled costs are allocated to program and supporting services on the basis of direct personnel expenses.

**Reclassifications** – Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. These reclassifications had no impact on net asset balances.

**Recent accounting pronouncements** – 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 statement of financial position and disclosing key information about leasing arrangements in the 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 No. 2016-02 on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”), which improves the current net asset classification requirements and the information presented in financial statements and notes about an entity’s liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with the requirement to present two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the notes. The amendments in this update are effective for fiscal years beginning after December 15, 2017 and interim periods beginning after December 15, 2018, with application to interim financial statements permitted but not required in the initial year of application. The adoption is effective for the Organization beginning July 1, 2018. Management is currently evaluating the impact of the provisions of ASU No. 2016-14 on the 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 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 No. 2016-18 on the 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 No. 2018-18 on the financial statements.

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

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**NOTE 2 – CONTRIBUTIONS RECEIVABLE, NET**

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

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 6,114,963	\$ 4,864,745
One to five years	<u>2,225,215</u>	<u>3,696,525</u>
Gross contributions receivable	8,340,178	8,561,270
Less discount for present value	<u>(106,684)</u>	<u>(189,013)</u>
Net contributions receivable	8,233,494	8,372,257
Less current portion	<u>(6,114,963)</u>	<u>(4,864,745)</u>
Contributions receivable, net	<u>\$ 2,118,531</u>	<u>\$ 3,507,512</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 261,669	\$ 257,089
Leasehold improvements	20,898	20,898
Intangible property - website	<u>20,000</u>	<u>34,275</u>
	302,567	312,262
Less: Accumulated depreciation and amortization	<u>(191,297)</u>	<u>(135,763)</u>
Total property and equipment, net	<u>\$ 111,270</u>	<u>\$ 176,499</u>

For the years ended June 30, 2018 and 2017, depreciation and amortization expense was \$74,692 and \$79,183, respectively. During the years ended June 30, 2018 and 2017, the Organization disposed of property and equipment with a cost basis of \$19,158 and \$32,144, respectively, and a net book value of zero.



**The Global Fund for Women, Inc.**  
**Notes to 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, 2018:

	<b>Assets at Fair Value as of June 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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	<u>\$ 7,149,778</u>	<u>\$ 5,402,170</u>	<u>\$ 267,038</u>	<u>\$ 12,818,986</u>

# The Global Fund for Women, Inc.

## Notes to 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, 2017:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 3,471,219	\$ -	\$ 3,471,219
Government bonds	-	800,259	-	800,259
Total fixed income	-	4,271,478	-	4,271,478
Equities				
Common stock				
Energy	248,957	-	-	248,957
Materials	82,308	-	-	82,308
Industrial goods	517,799	-	-	517,799
Consumer discretionary	670,581	-	-	670,581
Consumer staples	549,664	-	-	549,664
Health care	880,743	-	-	880,743
Financial services	732,777	-	-	732,777
Technology	1,239,271	-	-	1,239,271
Telecommunications	98,877	-	-	98,877
Utilities	207,502	-	-	207,502
Real estate	162,098	-	-	162,098
Total common stock	5,390,577	-	-	5,390,577
Community investment promissory notes	-	750,000	-	750,000
Mutual funds	591,474	-	-	591,474
Bond funds	200,998	-	-	200,998
International funds	1,033,101	-	-	1,033,101
Beneficial interest in trusts	-	-	256,973	256,973
Total	\$ 7,216,150	\$ 5,021,478	\$ 256,973	\$ 12,494,601

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

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 256,973	\$ 236,336
(Decrease) increase in value due to change in actuarial life expectancy	(4,786)	11,695
Increase in value due to change in estimated fair value of underlying trust assets	<u>14,851</u>	<u>8,942</u>
Ending balance	<u>\$ 267,038</u>	<u>\$ 256,973</u>

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 – INVESTMENT INCOME**

Investment income consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends on securities	\$ 325,978	\$ 291,741
Other bank interest	548	508
Investment fees	(57,917)	(52,057)
Realized gain on investments	393,345	313,990
Unrealized gain on investments	<u>135,317</u>	<u>661,446</u>
Total investment income	<u>\$ 797,271</u>	<u>\$ 1,215,628</u>

# The Global Fund for Women, Inc.

## Notes to Financial Statements

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### NOTE 6 – GRANTS PAYABLE

Grants are recorded by the Organization upon approval by the Board of Directors. Grants payable are expected to be disbursed as of June 30, 2018 as follows:

<u>Years Ending June 30,</u>	
2019	\$ 6,192,809
2020	2,294,106
2021	<u>30,000</u>
Grants payable, net	<u>\$ 8,516,915</u>

Grants payable as of June 30, 2017 are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 3,934,055
2019	2,435,626
2020	<u>740,730</u>
Grants payable, net	<u>\$ 7,110,411</u>

### NOTE 7 – 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:

<u>Year Ending June 30,</u>	
2019	\$ 362,854
2020	373,739
2021	384,952
2022	396,500
2023	201,180
Thereafter	<u>-</u>
Total operating lease commitments	<u>\$ 1,719,225</u>

Rental expense was \$423,122 and \$429,514 in 2018 and 2017, respectively.

**NOTE 8 – 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 \$10,065 and \$20,637 in the value of the beneficial interest in trusts, for the years ended June 30, 2018 and 2017, respectively.

**NOTE 9 – 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, 2018 and 2017, were approximately \$13,911,600 and \$6,626,700 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 10 – 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 was \$166,075 and \$159,631 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 11 – UNRESTRICTED NET ASSETS**

Unrestricted net assets include a board-designated Quasi Endowment Legacy Fund ("Legacy Fund") of \$8,221,912 and \$7,009,851, as of June 30, 2018 and 2017, respectively. This balance is included in cash and cash equivalents and investments designated for long-term purposes in the 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 Financial Statements

### NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following at June 30:

	<u>2018</u>	<u>2017</u>
Time restricted for general support	\$ 414,302	\$ 794,027
Purpose restricted for:		
Thematic grantmaking	10,821,640	6,145,035
Access to education	1,288,125	1,159,701
Advocacy programs	596,946	640,410
Other restrictions	15,780	68,848
Fiscal sponsorship of women's funds	37,383	34,843
Total temporarily restricted net assets	<u>\$ 13,174,176</u>	<u>\$ 8,842,864</u>

Temporarily restricted net assets were released for the following at June 30:

	<u>2018</u>	<u>2017</u>
Time restricted for general support	\$ 939,555	\$ 885,733
Purpose restricted for:		
Thematic grantmaking	7,730,179	8,295,281
Access to education	217,500	384,887
Advocacy programs	363,464	84,590
Other restrictions	53,067	50,752
Fiscal sponsorship of women's funds	141,333	2,099,041
Total temporarily restricted net assets released	<u>\$ 9,445,098</u>	<u>\$ 11,800,284</u>

### NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS

During 2003, the Organization received the remaining net assets of the Lewis T. and Patsy P. Preston Fund, which ceased operations and went out of business. The income from these net assets, up to 6% per annum, is restricted to certain programs. If the income falls below 6%, the Organization is authorized to expend the principal to make up the shortage.

### NOTE 14 – IN-KIND DONATIONS

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

	<u>2018</u>	<u>2017</u>
Legal	\$ 24,684	\$ 22,633
Total in-kind donations	<u>\$ 24,684</u>	<u>\$ 22,633</u>

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

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**NOTE 15 – 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 permanently restricted net assets (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 that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts 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, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds				
The Lewis T. and Patsy P. Preston Fund	\$ -	\$ 1,278,708	\$ 4,360,680	\$ 5,639,388
Grace Jackson Fund	-	9,417	53,666	63,083
Board-designated endowment funds				
Quasi Endowment Legacy Fund	8,221,912	-	-	8,221,912
Total	<u>\$ 8,221,912</u>	<u>\$ 1,288,125</u>	<u>\$ 4,414,346</u>	<u>\$ 13,924,383</u>

# The Global Fund for Women, Inc.

## Notes to Financial Statements

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,009,851	\$ 1,158,201	\$ 4,414,346	\$ 12,582,398
Investment return				
Investment income	182,103	142,951	-	325,054
Realized and unrealized gains	296,527	223,786	-	520,313
Designation of assets	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>\$ 1,288,125</u>	<u>\$ 4,414,346</u>	<u>\$ 13,924,383</u>

Endowment net assets composition by type of fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds				
The Lewis T. and Patsy P. Preston Fund	\$ -	\$ 1,152,679	\$ 4,360,680	\$ 5,513,359
Grace Jackson Fund	-	5,522	53,666	59,188
Board-designated endowment funds				
Quasi Endowment Legacy Fund	7,009,851	-	-	7,009,851
Total	<u>\$ 7,009,851</u>	<u>\$ 1,158,201</u>	<u>\$ 4,414,346</u>	<u>\$ 12,582,398</u>

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,112,300	\$ 953,467	\$ 4,414,346	\$ 11,480,113
Investment return				
Investment income	158,938	131,909	-	290,847
Realized and unrealized gains	554,155	420,407	-	974,562
Contributions				-
Write off on contributions receivable	208,637	-	-	208,637
Appropriation of endowment assets for expenditures	(24,179)	(347,582)	-	(371,761)
Endowment net assets, end of year	<u>\$ 7,009,851</u>	<u>\$ 1,158,201</u>	<u>\$ 4,414,346</u>	<u>\$ 12,582,398</u>

### *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 16 – TAX STATUS**

The Global Fund for Women, Inc. 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. The Organization 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, 2018 and 2017; as such, no provision for income taxes has been reflected in the accompanying financial statements.

The Organization 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.

The Organization assesses its accounting for uncertainties in income taxes recognized in its 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.

# The Global Fund for Women, Inc.

## Notes to Financial Statements

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### **NOTE 17 – RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2018 and 2017, 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 five such grants totaling \$117,499 and five such grants totaling \$75,400 during the years ended June 30, 2018 and 2017, respectively.

### **NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Organization recognizes in the 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 financial statements. The Organization's 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 financial statements were available to be issued.

The Organization has evaluated all subsequent events through October 31, 2018, the date of this report, and determined there are no material recognized or unrecognized subsequent events, the nature of which would require disclosure.

