

**THE WOMEN'S FOUNDATION  
OF CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008 AND 2007**

**Armanino McKenna** <sup>LLP</sup>  
Certified Public Accountants & Consultants



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Women's Foundation of California  
San Francisco, California

We have audited the accompanying statements of financial position of The Women's Foundation of California (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 California as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial data in the accompanying supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Armanino McKenna LLP*  
ARMANINO MCKENNA LLP

October 23, 2008



THE WOMEN'S FOUNDATION OF CALIFORNIA

Statements of Financial Position

June 30, 2008 and 2007

ASSETS

|  | <u>2008</u>              | <u>2007</u>              |
|--|--------------------------|--------------------------|
| Cash and cash equivalents                          | \$ 1,670,249             | \$ 1,591,034             |
| Investments  | 7,579,384                | 9,215,557                |
| Accounts receivable                                | 15,415                   | 12,576                   |
| Contributions receivable, net                      | 2,258,308                | 1,682,630                |
| Prepaid expenses and deposits                      | 1,712                    | 4,651                    |
| Contributions receivable, split-interest agreement | 30,735                   | 91,515                   |
| Property and equipment, net                        | <u>656,497</u>           | <u>680,848</u>           |
| <br>Total assets                                   | <br><u>\$ 12,212,300</u> | <br><u>\$ 13,278,811</u> |

LIABILITIES AND NET ASSETS

|  |                          |                          |
|--|--------------------------|--------------------------|
| Liabilities                                |                          |                          |
| Accounts payable                           | \$ 70,808                | \$ 66,160                |
| Accrued vacation                           | 57,197                   | 58,925                   |
| Grants payable                             | 760,750                  | 590,460                  |
| Note payable                               | <u>100,000</u>           | <u>100,000</u>           |
| Total liabilities                          | <u>988,755</u>           | <u>815,545</u>           |
| Net assets                                 |                          |                          |
| Unrestricted                               |                          |                          |
| Accumulated operating surplus              | 519,317                  | 617,216                  |
| Board designated quasi endowment and other | <u>467,877</u>           | <u>467,877</u>           |
| Total unrestricted                         | 987,194                  | 1,085,093                |
| Temporarily restricted                     | 9,081,836                | 10,483,658               |
| Permanently restricted                     | <u>1,154,515</u>         | <u>894,515</u>           |
| Total net assets                           | <u>11,223,545</u>        | <u>12,463,266</u>        |
| <br>Total liabilities and net assets       | <br><u>\$ 12,212,300</u> | <br><u>\$ 13,278,811</u> |

The accompanying notes are an integral part of these financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
 Statements of Activities  
 For the Years Ended June 30, 2008 and 2007

|  | 2008              |                           |                           |                      | 2007                |                           |                           |                      |
|--|-------------------|---------------------------|---------------------------|----------------------|---------------------|---------------------------|---------------------------|----------------------|
|  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total                | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total                |
| Revenues, gains (losses) and other support                   |                   |                           |                           |                      |                     |                           |                           |                      |
| Contributions and support                                    | \$ 2,201,250      | \$ 2,616,747              | \$ 260,000                | \$ 5,077,997         | \$ 1,796,069        | \$ 3,230,272              | \$ 1,800                  | \$ 5,028,141         |
| Interest and dividends                                       | 87,306            | 211,392                   | -                         | 298,698              | 72,031              | 211,421                   | -                         | 283,452              |
| Net realized and unrealized gains (losses)<br>on investments | (151,665)         | (684,620)                 | -                         | (836,285)            | 273,239             | 885,080                   | -                         | 1,158,319            |
| Other income   | 202,282           | -                         | -                         | 202,282              | 105,105             | -                         | -                         | 105,105              |
| Net assets released from restrictions                        | <u>3,545,341</u>  | <u>(3,545,341)</u>        | -                         | -                    | <u>3,135,196</u>    | <u>(3,135,196)</u>        | -                         | -                    |
| Total revenues, gains (losses) and other support             | <u>5,884,514</u>  | <u>(1,401,822)</u>        | <u>260,000</u>            | <u>4,742,692</u>     | <u>5,381,640</u>    | <u>1,191,577</u>          | <u>1,800</u>              | <u>6,575,017</u>     |
| Expenses   |                   |                           |                           |                      |                     |                           |                           |                      |
| Program  | 4,669,675         | -                         | -                         | 4,669,675            | 3,711,535           | -                         | -                         | 3,711,535            |
| Management and general                                       | 486,518           | -                         | -                         | 486,518              | 592,972             | -                         | -                         | 592,972              |
| Fund-raising   | 826,220           | -                         | -                         | 826,220              | 675,732             | -                         | -                         | 675,732              |
| Total expenses   | <u>5,982,413</u>  | <u>-</u>                  | <u>-</u>                  | <u>5,982,413</u>     | <u>4,980,239</u>    | <u>-</u>                  | <u>-</u>                  | <u>4,980,239</u>     |
| Change in net assets   | <u>(97,899)</u>   | <u>(1,401,822)</u>        | <u>260,000</u>            | <u>(1,239,721)</u>   | <u>401,401</u>      | <u>1,191,577</u>          | <u>1,800</u>              | <u>1,594,778</u>     |
| Net assets, beginning of year                                | <u>1,085,093</u>  | <u>10,483,658</u>         | <u>894,515</u>            | <u>12,463,266</u>    | <u>683,692</u>      | <u>9,292,081</u>          | <u>892,715</u>            | <u>10,868,488</u>    |
| Net assets, end of year                                      | <u>\$ 987,194</u> | <u>\$ 9,081,836</u>       | <u>\$ 1,154,515</u>       | <u>\$ 11,223,545</u> | <u>\$ 1,085,093</u> | <u>\$ 10,483,658</u>      | <u>\$ 894,515</u>         | <u>\$ 12,463,266</u> |

The accompanying notes are an integral part of these financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA

Statements of Cash Flows

For the Years Ended June 30, 2008 and 2007

|   | <u>2008</u>         | <u>2007</u>         |
|---|---------------------|---------------------|
| Cash flows from operating activities  |                     |                     |
| Change in net assets  | \$ (1,239,721)      | \$ 1,594,778        |
| Adjustments to reconcile change in net assets<br>to net cash used in operating activities |                     |                     |
| Depreciation  | 43,208              | 59,658              |
| Net realized and unrealized losses (gains) on investments                                 | 836,285             | (1,158,319)         |
| Restricted contributions  | (260,000)           | (1,800)             |
| Change in allowance for doubtful accounts   | (16,555)            | (8,000)             |
| Change in contributions receivable discount   | (51,165)            | (16,565)            |
| Change in contributions receivable, split-interest agreement                              | 60,780              | (28,554)            |
| Change in operating assets and liabilities  |                     |                     |
| Accounts receivable   | (2,839)             | 18,402              |
| Contributions receivable  | (262,958)           | (431,829)           |
| Prepaid expenses and deposits   | 2,939               | 35,365              |
| Accounts payable  | 4,648               | (26,752)            |
| Accrued vacation  | (1,728)             | (25,593)            |
| Grants payable  | 170,290             | (278,315)           |
| Net cash used in operating activities   | <u>(716,816)</u>    | <u>(267,524)</u>    |
| Cash flows from investing activities  |                     |                     |
| Purchase of property and equipment  | (18,857)            | (34,080)            |
| Proceeds from sale of investments, net  | 799,888             | 1,379,534           |
| Net cash provided by investing activities   | <u>781,031</u>      | <u>1,345,454</u>    |
| Cash flows from financing activities  |                     |                     |
| Restricted contributions  | 15,000              | 1,800               |
| Net cash provided by financing activities   | <u>15,000</u>       | <u>1,800</u>        |
| Net increase in cash and cash equivalents   | 79,215              | 1,079,730           |
| Cash and cash equivalents, beginning of year  | <u>1,591,034</u>    | <u>511,304</u>      |
| Cash and cash equivalents, end of year  | <u>\$ 1,670,249</u> | <u>\$ 1,591,034</u> |
| <u>Supplemental disclosure of cash flow information</u>                                   |                     |                     |
| Cash paid for interest  | \$ 1,500            | \$ 1,219            |

The accompanying notes are an integral part of these financial statements.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies

Organization

The Women's Foundation of California (the "Foundation") is the only statewide public foundation that invests specifically in women and girls throughout California to create a more just and equitable society. Since 1979, the Foundation has awarded more than \$22 million in grants to over 1,200 community-based organizations in every region of our diverse state. The Foundation invests in five areas that it believes are central to achieving equity for women and girls: Economic Security, Reproductive Justice and Sexual Rights Program, Environmental Health and Justice, Young Women's Leadership Development and Strengthening Women's Philanthropy. The Foundation leverages its strategic grant-making with advocacy in local and state policy work to push for statewide change that impacts women and girls and families and communities.

Basis of presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Unrestricted net assets

Support is provided to the Foundation from individuals, foundations and corporations and is available for general operation. The unrestricted net asset balance also includes funds totaling \$467,877 designated by the founding board of the Foundation as a quasi endowment.

Temporarily restricted net assets

Temporarily restricted net assets are subject to donor-imposed restrictions that may or will be met by actions of the Foundation and/or the passage of time.

Permanently restricted net assets

The Foundation reports contributions as permanently restricted support if they are received with donor-imposed restrictions that stipulate that resources be maintained permanently but permits the Foundation to expend part or all of the income (or other economic benefits) derived from the donated assets.

Programs

The Foundation operated the following programs and projects during the years ended June 30, 2008 and 2007:

*Community Action Fund* - The Community Action Fund links our priority issue areas, Economic Justice, Environmental Health and Justice, Reproductive Justice and Sexual Rights and Young Women's Development.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Programs (continued)

The goal of the Community Action Fund is to achieve greater and longer-term systemic change. By concentrating within these four issue areas, the Fund is better able to support cross-issue and cross-sector work that engages multiple strategies. For example, during 2007 - 2008, the Foundation brought together advocates from the environmental justice and reproductive justice movements to share lessons learned and to develop coordinated strategies. The Fund also supports emerging grassroots efforts in order to build and strengthen broad-based movements led by women and girls, especially low-income women and girls and women and girls from communities of color.

*The President's Fund* - This fund is available to the president and CEO of the Foundation to make grants to organizations working on issues that do not fall within the Foundation's other funding priorities or grantmaking cycles.

*Rapid Response Policy Fund* - This fund enables the Foundation to deliver quick-response grants in support of our grant partners' important, time-sensitive projects that use policy advocacy, constituency organizing or the media to effect systems change. Relying on our experience in evaluating our grant partners and the issue expertise of our program staff, we award Rapid Response grants that will foster collaboration and critical knowledge and resource sharing among nascent and established organizations challenging current federal and statewide attacks on women's rights.

*Capacity Building Program* - The Foundation combines technical assistance for capacity building with financial resources to strengthen organizations that advocate on policy and organize or lead campaigns to create systemic change in their communities. The Foundation understands that change does not happen overnight. By providing capacity building technical assistance to organizations in addition to grants, we are supplying the valuable tools that organizations need to become sustainable and effective over the long term. Technical assistance activities include: individualized assistance from staff and/or consultants to improve community-based organizations' fundraising, program planning, communications and evaluation skills; strategic convenings that create opportunities for community leaders to identify allies across sectors and geographic regions; and research and analysis that identifies new and emerging social problems and provides recommendations to policymakers, community health advocates and the public.

*Donor Circles* - A donor circle is a group of individual donors, corporate investors and/or philanthropic partners who pool their resources to make a greater impact on the issues they care about. Donor circles are designed to provide members with a meaningful experience in effective community activism and strategic philanthropy. Members receive education about a particular issue and training to evaluate grant proposals, conduct site visits and make grants to effective organizations and programs.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Programs (continued)

Donor circles are designed to include members at varying levels of income, wealth and philanthropic experience. The Foundation operates five donor circles: Economic Development and Justice Fund (EDJe); Race, Gender and Human Rights; Women of Silicon Valley; Los Angeles Donor Circle, and the Women of Color Donor Circle.

*Donor Advised Funds* - Flexible and convenient, donor advised funds allow individuals and groups of individuals (in a "pooled donor advised fund") to partner with the Foundation in selecting specific issues areas and designating grant recipients. In this collaborative effort, the Foundation provides administrative services and can work to connect donors' social justice objectives with innovative community-based organizations. DAF's may be established through cash gifts, securities, closely held stock, stock options, life insurance, real estate or other assets. Donors may start their fund with either a single gift or incrementally through the years and take advantage of favorable tax situations. The Foundation's larger donor advised funds include the YWCA of the Mid-Peninsula Donor Advised Fund and the Smart Cookie Scholarship Fund. Pooled donor advised funds include the Marlborough Student Charitable Fund in Los Angeles and the Women's Achievement Network and Development Network ("WANDA") in San Mateo County.

*Women's Policy Institute* - The goal of the Institute is to increase the number of community-based women leaders who are actively involved in shaping and implementing policies affecting the health and well-being of women and girls in California. Each class of the Institute brings together a diverse group of women from across the state to participate in the program as fellows. A non-partisan effort, the Institute requires fellows to apply their new public policy advocacy skills and knowledge to specific policy projects. These women act as a bridge between the needs of their communities and policymakers who make laws that impact their lives.

*Youth, Media, and Social Change Initiative* - The Youth, Media, and Social Change Initiative works with young people in California to address the impacts of media and popular culture (television, film, music and the Internet) on their lives and communities. The overall goal of the Initiative is to improve the physical and mental well being of California youth by improving their critical thinking skills through media literacy and leadership development strategies.

*Elder Women's Initiative* - As the population of California grows older and more diverse, the inequities that women face lead to chronic illness, inadequate health care and dwindling personal resources, especially for women of color, those who are low-income and those who belong to one of the many underserved populations of the state. The Initiative addresses these issues by convening and supporting a Coordination Team; designing and implementing a mapping of the policy and advocacy efforts related to vulnerable older women in California; planning three listening sessions in Northern, Central and Southern California; producing a report on findings, and developing a policy advocacy program for older women.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Programs (continued)

*Sponsored Projects* - Projects sometimes need investment beyond financial assistance to get off the ground. The Foundation provides broad technical assistance to emerging community-based organizations that help groups establish infrastructure and build their capacity to become self-sustaining organizations. The Foundation's current fiscally sponsored project is La Cocina, a shared use commercial kitchen business incubator.

La Cocina offers access to the kitchen facility, business development and marketing assistance, access to food industry mentors and networking opportunities for qualified women (primarily in the San Francisco Mission District) seeking to grow their start-up or existing food businesses.

Recognition of donor restricted contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions

Contributions received are reported as unrestricted, temporarily restricted or permanently restricted, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Donated material, services and equipment

Donated materials and equipment are recorded as contributions based on the estimated fair value at the date the promise is made. Donated services are recorded as contributions at their estimated fair value only in those instances in which they enhance non-financial assets and the Foundation would have acquired such services if they had not been donated, require special skills, and are provided by individuals with those skills.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Donated material, services and equipment (continued)

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in the Foundation's program services and for its fund-raising campaigns. These amounts have not been recognized in the statements of activities as these types of services do not meet the criteria for recognition.

Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid instruments (including certificates of deposit) purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is determined as follows:

- Securities traded on security exchanges are valued at closing market prices on the date closest to June 30.
- Government obligations are valued based upon the most recent bid quotation for identical or similar obligations provided by independent pricing services and from broker quotations.

Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in unrestricted net assets, unless their use is temporarily restricted or permanently restricted by the donor.

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

Split-interest agreements

The Foundation is a beneficiary of split-interest agreements including several charitable remainder trusts. Irrevocable split-interest agreements for the benefit of the Foundation are recognized as contributions when the Foundation is notified of the existence of the agreement. Changes in the estimated value of the charitable remainder trusts during the term of the agreements are reported in the statements of activities.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Split-interest agreements (continued)

Upon maturity of a split-interest agreement, valuation differences in asset and liability accounts related to the agreement are recognized as changes in permanently restricted, temporarily restricted, or unrestricted net assets, as determined by the donor.

Property and equipment

The Foundation capitalizes all property and equipment with a cost greater than \$500 with an estimated useful life in excess of one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of the gift. Maintenance and repairs are expensed. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Foundation, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. The Foundation will record impairment losses when determined. Depreciation and amortization is provided using the straight-line method over the following estimated useful lives:

|                         |   |
|-------------------------|---|
| Furniture and equipment | 5 - 10 years                                      |
| Kitchen equipment       | 3 - 10 years                                      |
| Leasehold improvements  | Lesser of the estimated useful life or lease term |

Grants payable

Grants payable represents all unconditional grants that have been authorized prior to year end, but remain unpaid as of the statements of financial position dates. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2008. Grants payable at June 30, 2008 are payable within one year.

Advertising

The Foundation follows the policy of expensing advertising costs as they are incurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

The Foundation has qualified for tax-exempt status under 501(c)(3) of the Internal Revenue code and Section 23701(d) of the State of California Revenue and Taxation Code.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated facilities

The Foundation records donated facilities at the estimated fair value at the date of the gift. The Foundation entered into a license agreement in June 2006 for the use of office space in Los Angeles, California. The license agreement expires May 31, 2012. The value of the donated facilities was \$102,479 and \$99,600 for the years ended June 30, 2008 and 2007, respectively.

2. Investments

Investments at June 30, 2008 and 2007 consist of the following, at fair value:

|                   | <u>2008</u>        | <u>2007</u>        |
|-------------------|--------------------|--------------------|
| Equity securities | \$5,453,912        | \$6,946,840        |
| Corporate bonds   | <u>2,125,472</u>   | <u>2,268,717</u>   |
|                   | <u>\$7,579,384</u> | <u>\$9,215,557</u> |

Investment activity for the years ending June 30, 2008 and 2007 consists of the following:

|                                       | <u>2008</u>         | <u>2007</u>        |
|---------------------------------------|---------------------|--------------------|
| Interest and dividends                | \$ 298,698          | \$ 283,452         |
| Realized gain on investments          | 223,736             | 468,701            |
| Unrealized gain (loss) on investments | <u>(1,060,021)</u>  | <u>689,618</u>     |
|                                       | <u>\$ (537,587)</u> | <u>\$1,441,771</u> |

Investment holdings are liquidated as necessary for payment of various expenses including awarded grants and scholarships. Investment management fees of \$58,794 and \$64,707 were paid for the years ended June 30, 2008 and 2007, respectively.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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3. Contributions Receivable

Unconditional promises to give, which are not expected to be collected until after the year promised, are reflected in the accompanying financial statements as contributions receivable and revenue in the appropriate net asset category. Contributions receivable are recorded using an approximate discount rate of 2.99%.

Contributions receivable consisted of the following at June 30, 2008 and 2007:

|   | <u>2008</u>        | <u>2007</u>        |
|---|--------------------|--------------------|
| Receivable in less than one year          | \$1,330,459        | \$1,372,361        |
| Receivable in one to five years           | <u>1,090,300</u>   | <u>405,000</u>     |
|   | 2,420,759          | 1,777,361          |
| Less allowance for doubtful contributions | (71,760)           | (55,205)           |
| Less discounts to net present value       | <u>(90,691)</u>    | <u>(39,526)</u>    |
| Contributions receivable, net             | <u>\$2,258,308</u> | <u>\$1,682,630</u> |

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2008 and 2007:

|   | <u>2008</u>       | <u>2007</u>       |
|---|-------------------|-------------------|
| Furniture and equipment                   | \$ 467,344        | \$ 450,892        |
| Kitchen equipment                         | 124,095           | 124,095           |
| Leasehold improvements                    | <u>611,115</u>    | <u>608,710</u>    |
|   | 1,202,554         | 1,183,697         |
| Accumulated depreciation and amortization | <u>(546,057)</u>  | <u>(502,849)</u>  |
|   | <u>\$ 656,497</u> | <u>\$ 680,848</u> |

Depreciation and amortization expense amounted to \$43,208 and \$59,658 for the years ended June 30, 2008 and 2007, respectively.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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5. Contributions Receivable - Charitable Remainder Trust

|  | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|
| Fair value of Foundation's interest in remainder unitrust, 100% interest, one remaining income beneficiary | \$ 30,735   | \$ 91,515   |
| Fair value of remainder unitrust, 100% interest, one remaining income beneficiary                          | \$179,280   | \$222,992   |

6. Line of Credit

In February 2008, the Foundation secured a line of credit with a financial institution with an available credit line of up to \$300,000. The line of credit is secured by a first priority security interest in the Foundation's personal property. The line of credit bears a floating interest rate equal to the sum of the index (as set by the bank) and a margin of 1.00% (6.0% at June 30, 2008). The line of credit expires on February 10, 2009. There were no amounts outstanding under the line as of June 30, 2008.

7. Note Payable

In August, 2004, the Foundation executed a loan agreement with a financial institution to borrow up to \$500,000 for working capital for the La Cocina Community Kitchen Incubator Program. Terms of the loan agreement included minimum installment disbursements of at least \$25,000, interest to accrue at the rate of 2% on any outstanding balances commencing six months following the initial disbursement date, interest payable quarterly. The maturity date on the loan is five years from the disbursement date, as defined in the agreement. The note payable balance was \$100,000 at June 30, 2008 and 2007. The principal balance of the note is due in September 2009.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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8. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2008 and 2007:

|  | <u>2008</u>        | <u>2007</u>         |
|--|--------------------|---------------------|
| Environmental Health                         | \$ 471,250         | \$ 642,000          |
| Community Action Fund                        | 131,348            | 279,915             |
| Reproductive Rights                          | 518,650            | 425,000             |
| Race, Gender, and Human Rights Donor Circle  | 180,085            | 476,085             |
| Women's Policy Institute                     | 330,019            | 239,000             |
| Youth, Media, and Social Change              | 37,000             | 100,000             |
| Elder Women's Project                        | 110,265            | -                   |
| Capacity Building                            | 66,419             | 15,000              |
| YWCA Fund                                    | 4,497,333          | 5,005,159           |
| La Cocina - Kitchen project                  | 85,000             | 14,755              |
| Women of Silicon Valley Fund                 | 134,930            | 239,482             |
| Women in Health Donor Circle                 | 46,750             | 55,000              |
| Women of Color Donor Circle                  | 38,837             | 34,968              |
| Economic Justice                             | 75,500             | -                   |
| EDJe Fund                                    | 5,225              | -                   |
| Afghan Women's Fund                          | -                  | 742                 |
| Women's Leadership Alliance of San Francisco | -                  | 6,213               |
| Donor Advised Fund                           | <u>2,353,225</u>   | <u>2,950,339</u>    |
|  | <u>\$9,081,836</u> | <u>\$10,483,658</u> |

9. Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2008 consist of amounts related to a permanent endowment established by the Foundation to support causes for women and girls. The Foundation's permanently restricted net asset balance was \$1,154,515 and \$894,515 as of June 30, 2008 and 2007, respectively.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
June 30, 2008 and 2007

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10. Lease Commitments

Minimum future lease payments under non-cancelable lease agreements for office space and office equipment, as of June 30, 2008, are as follows:

|       |                  |
|-------|------------------|
| 2009  | \$167,000        |
| 2010  | 96,000           |
| 2011  | 23,000           |
| 2012  | 16,000           |
| 2013  | <u>11,000</u>    |
| Total | <u>\$313,000</u> |

Lease payments totaled approximately \$167,000 and \$169,000 for the years ended June 30, 2008 and 2007.

11. Future Gifts

The Women's Foundation of California has been named as beneficiary of several future gifts of trusts and life insurance proceeds as follows:

Interest in Charitable Remainder Trust - At June 30, 2008, the Foundation is the beneficiary to a revocable charitable remainder trust with a fair market value of \$1,825,903 and \$1,964,425 at June 30, 2008 and 2007, respectively. The Foundation currently receives no income from the trust, which is neither in the Foundation's possession nor under its control. The beneficiary designation provisions of this trust are subject to change.

Charitable Lead Annuity Trust - The Foundation is the beneficiary to a charitable lead annuity trust. Under this trust, quarterly distributions of \$1,250 are made to the Foundation over 10 years, beginning in March 1999.

Life Insurance and Bequests - The Foundation reports any proceeds from life insurance beneficiary designations or bequests as revenue when they are received.

12. Employee Benefit Plans

The Foundation has a 401(k) employee benefit plan covering substantially all employees who have completed the minimum service and age requirements. The Foundation's annual contribution is discretionary and was \$44,768 in 2008 and \$52,486 in 2007.

THE WOMEN'S FOUNDATION OF CALIFORNIA  
Notes to Financial Statements  
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13. Administration Fees

During the years ended June 30, 2008 and 2007, the Foundation charged internal administration fees to various programs that it sponsored as follows:

|  | <u>2008</u>      | <u>2007</u>      |
|--|------------------|------------------|
| Administration fees                        |                  |                  |
| La Cocina                                  | \$ 64,005        | \$ 53,188        |
| Economic Development and Justice Fund      | 32,025           | -                |
| Race, Gender and Human Rights Donor Circle | 67,000           | 2,250            |
| Other Donor Circles                        | 117,299          | 124,527          |
| Donor Advised Funds                        | <u>90,021</u>    | <u>3,765</u>     |
| Total                                      | <u>\$370,350</u> | <u>\$183,730</u> |

Such fees and related expenses have been eliminated in the accompanying financial statements.

14. Concentration of Credit Risk

The Foundation maintains cash and equivalents with major financial institutions. The Foundation had amounts on deposit with financial institutions in excess of federally insured limits June 30, 2008.

The Foundation launched a multi-year fundraising campaign during the year-ended June 30, 2008; two individual donors took the lead in the campaign. Contributions receivable due from three donors comprise approximately 73% of the Foundation's total contributions receivable balance as of June 30, 2008. Contributions receivable due from three donors comprised approximately 40% of the Foundation's total contributions receivable balance as of June 30, 2007.

SUPPLEMENTAL SCHEDULE

THE WOMEN'S FOUNDATION OF CALIFORNIA

Statement of Functional Expenses

For the Year Ended June 30, 2008

|                              | Program<br>Services | Management<br>and<br>General | Fund -<br>Raising | Total               |
|------------------------------|---------------------|------------------------------|-------------------|---------------------|
| Salaries                     | \$ 1,162,393        | \$ 100,432                   | \$ 310,101        | \$ 1,572,926        |
| Payroll taxes                | 86,369              | 6,637                        | 27,722            | 120,728             |
| Employee benefits            | 105,749             | 45,132                       | 23,904            | 174,785             |
| Rent                         | 203,998             | 17,337                       | 56,216            | 277,551             |
| Consulting/professional fees | 277,974             | 219,457                      | 117,740           | 615,171             |
| Printing/copying             | 12,993              | 118                          | 27,846            | 40,957              |
| Dues and subscriptions       | 11,742              | 3,654                        | 7,960             | 23,356              |
| Workshops/conferences        | 19,813              | 1,509                        | 2,719             | 24,041              |
| Office supplies              | 35,919              | 5,021                        | 10,090            | 51,030              |
| Postage/messenger            | 8,773               | 2,972                        | 9,263             | 21,008              |
| Utilities                    | 82,092              | 4,028                        | 6,787             | 92,907              |
| Travel and meals             | 281,156             | 34,083                       | 52,923            | 368,162             |
| Advertising and promotion    | 1,062               | 1,323                        | 65                | 2,450               |
| Equipment                    | 92,226              | 4,299                        | 6,667             | 103,192             |
| Depreciation                 | 38,000              | 868                          | 4,340             | 43,208              |
| Bad debt expense             | -                   | 11,020                       | 150,000           | 161,020             |
| Miscellaneous                | 42,989              | 19,953                       | 4,835             | 67,777              |
| Stipends/scholarships        | 182,903             | -                            | 642               | 183,545             |
| Grants/community support     | <u>2,023,524</u>    | <u>8,675</u>                 | <u>6,400</u>      | <u>2,038,599</u>    |
|                              | <u>\$ 4,669,675</u> | <u>\$ 486,518</u>            | <u>\$ 826,220</u> | <u>\$ 5,982,413</u> |

THE WOMEN'S FOUNDATION OF CALIFORNIA

Statement of Functional Expenses

For the Year Ended June 30, 2007

|                              | Program<br>Services | Management<br>and<br>General | Fund -<br>Raising | Total               |
|------------------------------|---------------------|------------------------------|-------------------|---------------------|
| Salaries                     | \$ 1,103,711        | \$ 157,034                   | \$ 321,924        | \$ 1,582,669        |
| Payroll taxes                | 82,922              | 11,057                       | 23,988            | 117,967             |
| Employee benefits            | 124,623             | 70,788                       | 20,790            | 216,201             |
| Rent                         | 130,896             | 112,981                      | 23,368            | 267,245             |
| Consulting/professional fees | 323,402             | 175,363                      | 103,117           | 601,882             |
| Printing/copying             | 10,238              | 795                          | 46,853            | 57,886              |
| Dues and subscriptions       | 12,630              | 10,772                       | 20,928            | 44,330              |
| Workshops/conferences        | 111,200             | 468                          | 11,944            | 123,612             |
| Office supplies              | 29,594              | 7,070                        | 4,092             | 40,756              |
| Postage/messenger            | 6,680               | 3,114                        | 25,288            | 35,082              |
| Utilities                    | 65,674              | 3,645                        | 6,997             | 76,316              |
| Travel and meals             | 68,387              | 15,002                       | 44,330            | 127,719             |
| Advertising and promotion    | 1,309               | 673                          | 1,354             | 3,336               |
| Equipment                    | 71,640              | 14,436                       | 6,860             | 92,936              |
| Depreciation                 | 52,758              | 2,875                        | 4,025             | 59,658              |
| Miscellaneous                | 19,441              | 6,594                        | 2,478             | 28,513              |
| Stipends/scholarships        | 208,049             | -                            | 2,330             | 210,379             |
| Grants/community support     | 1,288,381           | 305                          | 5,066             | 1,293,752           |
|                              | <u>\$ 3,711,535</u> | <u>\$ 592,972</u>            | <u>\$ 675,732</u> | <u>\$ 4,980,239</u> |