



Report of Independent Auditors
and Financial Statements

Texas Women's Foundation

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Texas Women's Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Texas Women's Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Texas Women's Foundation as of June 30, 2024 and 2023, and the change 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Dallas, Texas
October 9, 2024

Financial Statements

Texas Women's Foundation
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CASH AND CASH EQUIVALENTS		
Held in operating accounts	\$ 1,152,524	\$ 2,532,288
Held in investment accounts	319,237	1,214,665
Held on behalf of other organizations	702,078	1,032,078
Total cash and cash equivalents	2,173,839	4,779,031
INVESTMENTS	22,730,113	24,424,048
PREPAID EXPENSES	54,176	64,077
RECEIVABLES		
Pledges receivable, net	473,200	613,328
Notes receivable, programmatic investments	150,000	150,000
Interest and miscellaneous receivables	106,938	243,450
Total receivables	730,138	1,006,778
BENEFICIAL INTERESTS	1,210,251	980,473
OPERATING RIGHT-OF-USE ASSET	452,784	580,162
OTHER ASSETS	13,108	19,939
FURNITURE AND EQUIPMENT, net	248,909	291,318
INTANGIBLE ASSET, net	-	4,600
Total assets	\$ 27,613,318	\$ 32,150,426

See accompanying notes.

Texas Women's Foundation
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 26,867	\$ 8,279
Accrued expenses	172,812	341,311
Cash held on behalf of other organizations	702,078	1,032,078
Deferred revenues	259,750	172,250
Grants payable, net	107,576	446,161
Operating lease liabilities	509,890	647,410
Line of credit	502,582	502,466
Total liabilities	2,281,555	3,149,955
NET ASSETS		
Without donor restrictions		
Board designated endowments	1,915,039	1,901,385
Donor-advised funds	6,168,413	8,227,549
Undesignated	1,424,604	2,577,475
Total without donor restrictions	9,508,056	12,706,409
With donor restrictions		
Purpose and timing restricted	2,200,086	2,819,952
Endowment funds accumulated gains	2,879,506	2,746,245
Endowment funds restricted in perpetuity	10,744,115	10,727,865
Total with donor restrictions	15,823,707	16,294,062
Total net assets	25,331,763	29,000,471
Total liabilities and net assets	\$ 27,613,318	\$ 32,150,426

See accompanying notes.

Texas Women's Foundation
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
CONTRIBUTIONS			
Endowment, donor-advised and giving circles contributions	\$ 384,937	\$ 16,250	\$ 401,187
Annual operating contributions	1,195,741	-	1,195,741
Cooperative grant and initiative funding	-	942,853	942,853
Total contributions	1,580,678	959,103	2,539,781
Investment gain, net	380,082	1,014,156	1,394,238
Special events			
Sales and contributions, net of cost of direct benefit to donors of \$528,732	672,112	-	672,112
Contributed nonfinancial assets (from special events and other)	33,660	-	33,660
Interest income on notes receivable - programmatic investments	3,437	-	3,437
Other revenue	10,547	-	10,547
Change in value of life insurance policies	-	15,310	15,310
Change in value of beneficial interest	214,468	-	214,468
Total	2,894,984	1,988,569	4,883,553
Net assets released from restrictions	2,458,924	(2,458,924)	-
Total revenues, gains, and support	5,353,908	(470,355)	4,883,553
EXPENSES			
Program services	6,028,385	-	6,028,385
Fundraising	825,966	-	825,966
Administrative	1,697,910	-	1,697,910
Total expense	8,552,261	-	8,552,261
CHANGE IN NET ASSETS	(3,198,353)	(470,355)	(3,668,708)
NET ASSETS, at beginning of year	12,706,409	16,294,062	29,000,471
NET ASSETS, at end of year	\$ 9,508,056	\$ 15,823,707	\$ 25,331,763

See accompanying notes.

Texas Women's Foundation
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
CONTRIBUTIONS			
Endowment, donor-advised and giving circles contributions	\$ 1,390,873	\$ 28,432	\$ 1,419,305
Annual operating contributions	1,789,456	-	1,789,456
Cooperative operations funding	18,650	162,324	180,974
Cooperative grant and initiative funding	-	2,606,746	2,606,746
Total contributions	3,198,979	2,797,502	5,996,481
Investment gain, net	860,912	886,984	1,747,896
Program revenue	428,079	-	428,079
Special events			
Sales and contributions, net of cost of direct benefit to donors of \$613,917	799,655	-	799,655
Contributed nonfinancial assets (from special events and other)	165,184	-	165,184
Interest income on notes receivable - programmatic investments	3,597	-	3,597
Other revenue	10,035	-	10,035
Change in value of life insurance policies	-	15,008	15,008
Change in value of beneficial interest	-	(56,476)	(56,476)
Total	5,466,441	3,643,018	9,109,459
Net assets released from restrictions	3,633,897	(3,633,897)	-
Total revenues, gains, and support	9,100,338	9,121	9,109,459
EXPENSES			
Program services	7,107,522	-	7,107,522
Fundraising	1,050,878	-	1,050,878
Administrative	2,143,752	-	2,143,752
Total expense	10,302,152	-	10,302,152
CHANGE IN NET ASSETS	(1,201,814)	9,121	(1,192,693)
NET ASSETS, at beginning of year	13,908,223	16,284,941	30,193,164
NET ASSETS, at end of year	\$ 12,706,409	\$ 16,294,062	\$ 29,000,471

See accompanying notes.

Texas Women's Foundation
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,668,708)	\$ (1,192,693)
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities		
Net realized and unrealized gains on investments and dividends and interest income	(1,394,238)	(1,747,896)
Depreciation	42,409	43,778
Amortization	131,978	139,004
Bad debt	9,135	61,025
Change in value of beneficial interests	(229,778)	41,468
Accreted interest	(9,444)	-
Change in discount on grants payable	(819)	(3,360)
Changes in operating assets and liabilities		
Prepaid expenses	9,901	34,716
Pledges receivable	130,993	(331,342)
Interest and miscellaneous receivables	136,512	8,147
Other assets	6,831	(6,831)
Accounts payable	18,588	(142,889)
Accrued expenses	(168,499)	66,691
Cash held on behalf of others	(330,000)	990,000
Deferred revenues	87,500	(333,479)
Grants payable	(337,766)	(801,230)
Operating lease liabilities	(128,076)	(132,320)
	<u>(5,693,481)</u>	<u>(3,307,211)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(21,992,007)	(1,605,057)
Proceeds from sales and maturities of investments	25,063,930	3,489,466
Purchases of furniture and equipment	-	(158,879)
	<u>3,071,923</u>	<u>1,725,530</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	31,317	520,966
Payment on line of credit	(31,201)	(18,500)
Contributions restricted for permanent endowment	16,250	28,432
	<u>16,366</u>	<u>530,898</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,605,192)	(1,050,783)
CASH AND CASH EQUIVALENTS, at beginning of year	<u>4,779,031</u>	<u>5,829,814</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 2,173,839</u>	<u>\$ 4,779,031</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 31,201</u>	<u>\$ 18,500</u>

See accompanying notes.

Texas Women's Foundation
Statements of Functional Expenses
Year Ended June 30, 2024

	Program Services				Total	Supporting Services		
	Economic Security	Leadership	Empowering Women's Philanthropy	Other Mission		Fundraising	Administrative	Total
Expenses								
Salaries, payroll taxes, and benefits	\$ 76,067	\$ 26,530	\$ 53,303	\$ 458,512	\$ 614,412	\$ 580,429	\$ 831,880	\$ 2,026,721
Grant awards	2,512,082	121,975	2,017,364	235,000	4,886,421	-	-	4,886,421
Accounting, legal, and other professional fees	43,500	-	-	167	43,667	4,050	491,581	539,298
Consulting fees	3,350	60,443	4,800	23,617	92,210	51,902	105,666	249,778
Interest expense	-	-	-	-	-	-	31,317	31,317
Bank and credit card fees	-	-	-	-	-	6,802	-	6,802
Copying, printing, and design	1,372	13,224	446	5,000	20,042	6,245	6,179	32,466
Travel, meals, and cultivation	1,390	13,254	514	4,885	20,043	6,989	2,700	29,732
Training and conference fees	159	-	-	2,128	2,287	971	750	4,008
Meetings and refreshments	71	500	1,268	1,621	3,460	891	7,085	11,436
Dues and subscriptions	3,060	-	83	13,528	16,671	744	1,344	18,759
Supplies	-	1,873	29	1,327	3,229	1,674	1,682	6,585
Postage and delivery	-	136	40	96	272	110	400	782
Digital media	-	-	6,000	2,026	8,026	663	1,645	10,334
Photography	-	3,909	1,943	-	5,852	887	500	7,239
Event planner and event venue	-	44,422	1,116	905	46,443	7,417	574	54,434
Speaker	-	2,000	-	-	2,000	-	-	2,000
Display, signage, and décor	-	5,060	1,609	-	6,669	1,422	-	8,091
Advertising	-	8,788	-	11,571	20,359	5,718	9,393	35,470
Appreciation gifts	202	17,094	1,387	1,432	20,115	3,624	4,734	28,473
Computers, software, hosting, and maintenance	-	25,223	824	62,935	88,982	63,860	55,978	208,820
Sponsor nonprofit luncheons and events	195	100	-	8,605	8,900	3,023	6,985	18,908
Life insurance premiums	-	-	-	-	-	6,701	-	6,701
Rent, utilities, and other facilities expenses	-	-	-	77,185	77,185	47,960	102,996	228,141
Miscellaneous	-	20,841	-	20,299	41,140	23,884	34,521	99,545
Total expenses by function	\$ 2,641,448	\$ 365,372	\$ 2,090,726	\$ 930,839	\$ 6,028,385	\$ 825,966	\$ 1,697,910	\$ 8,552,261

See accompanying notes.

Texas Women's Foundation
Statements of Functional Expenses
Year Ended June 30, 2023

	Program Services				Total	Supporting Services		Total
	Economic Security	Leadership	Empowering Women's Philanthropy	Other Mission		Fundraising	Administrative	
Expenses								
Salaries, payroll taxes, and benefits	\$ 230,913	\$ 303,378	\$ 103,909	\$ 475,243	\$ 1,113,443	\$ 707,565	\$ 1,364,153	\$ 3,185,161
Grant awards	3,216,880	1,072,913	473,327	186,310	4,949,430	-	-	4,949,430
Accounting, legal, and other professional fees	42,154	6,250	3,350	-	51,754	335	116,535	168,624
Consulting fees	16,975	302,695	8,710	76,380	404,760	110,637	330,404	845,801
Interest expense	-	-	-	-	-	-	20,966	20,966
Bank and credit card fees	-	-	-	-	-	9,952	35	9,987
Copying, printing, and design	5,720	27,177	1,088	5,547	39,532	10,865	5,233	55,630
Travel, meals, and cultivation	14,499	25,813	6,406	7,506	54,224	12,752	9,509	76,485
Training and conference fees	555	660	5,192	2,152	8,559	5,516	4,460	18,535
Meetings and refreshments	1,710	4,336	1,196	3,456	10,698	1,086	8,490	20,274
Dues and subscriptions	7,691	304	3,257	14,439	25,691	1,377	3,747	30,815
Supplies	2,594	12,105	1,834	3,538	20,071	2,402	10,051	32,524
Postage and delivery	157	990	-	553	1,700	1,018	714	3,432
Digital media	793	-	2,250	5,001	8,044	2,046	4,319	14,409
Photography	413	4,991	1,788	-	7,192	1,262	1,699	10,153
Event planner and event venue	401	58,012	589	295	59,297	10,969	4,246	74,512
Speaker	-	200	-	-	200	-	-	200
Display, signage, and décor	-	723	140	-	863	356	-	1,219
Advertising	7,500	24,276	-	4,301	36,077	9,328	3,715	49,120
Appreciation gifts	1,414	17,849	3,929	2,836	26,028	3,768	12,421	42,217
Computers, software, hosting, and maintenance	482	31,027	-	79,411	110,920	64,062	58,417	233,399
Sponsor nonprofit luncheons and events	180	15,000	110	16,714	32,004	6,523	16,638	55,165
Life insurance premiums	-	-	-	-	-	6,701	-	6,701
Rent, utilities, and other facilities expenses	-	-	-	76,283	76,283	48,352	95,195	219,830
Miscellaneous	1,200	43,980	2,056	23,516	70,752	34,006	72,805	177,563
Total expenses by function	\$ 3,552,231	\$ 1,952,679	\$ 619,131	\$ 983,481	\$ 7,107,522	\$ 1,050,878	\$ 2,143,752	\$ 10,302,152

See accompanying notes.

Texas Women's Foundation

Notes to Financial Statements

Note 1 – Nature of Business

Texas Women's Foundation (the Foundation) is a not-for-profit organization founded in 1985 and governed by a 45-member Board of Directors (the Board). The mission of the Foundation is to drive social and economic change for women and girls through three strategic pillars: economic security, leadership, and empowering women's philanthropy. The Foundation serves this mission through its grant making, gender-specific research, advocacy, programs, and philanthropy education.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied by the Foundation in the preparation of the accompanying financial statements is as follows:

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

Without Donor Restrictions – These net assets are not subject to stipulations imposed by the donor and are currently available for expenditures. Items that affect this net asset category principally consist of revenues, contributions without restrictions, and gains and losses on investments and other assets whose use is not restricted by explicit donor stipulations or law. Net assets without donor restrictions also include net assets transferred from net assets with donor restrictions after restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed. A donor's restriction, however, may be released or modified by the donor, a court, or in the circumstances and manner set forth in the Uniform Prudent Management of Institutional Funds Act.

The Foundation manages approximately 45 donor-advised funds. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion of the use of these funds lies with the Board.

With Donor Restrictions – These net assets are subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. These net assets may have stipulations by the donor to be maintained in perpetuity, such as an endowment, or the restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. Net assets with donor restrictions also include accumulated net investment income earned by the net assets held in perpetuity.

Texas Women's Foundation

Notes to Financial Statements

Revenue, expenses, gains, and losses – Revenues are reported as increases in without donor restriction net assets unless use of the related assets is limited by donor-imposed restrictions or the passage of time. Expenses are reported as decreases in without donor restriction net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions – Contributions are recognized as revenues in the period received as unconditional promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of donation. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, the credit-standing of applicable donors, and the nature of fund-raising activity. During the years ended June 30, 2024 and 2023, one donor comprised 26% and 12%, respectively, of total contributions in the accompanying statements of activities and changes in net assets.

Grants – Grants are recognized at fair value, as revenue, when received or unconditionally promised, and collection is deemed to be reasonably certain. The Foundation reports grants as with donor restriction support if such gifts are received with donor stipulations that limit the use of the donated assets, unless there are written agreements which supersede those stipulations. When a restriction expires, net assets are released.

Investment gain (loss) – Investment gain (loss) is recorded when earned and consists of interest, dividends, and realized and unrealized gains or losses on investments. Investment income immediately reinvested is reflected simultaneously as investment income and purchases of investments. Investment income is net of external and direct internal investment expenses.

Program revenue – Program revenue is for services provided in training programs for participants of the Women's Leadership Initiative. The Foundation charges a flat fee for each participant of the training program. Program revenue is recognized on a quarterly schedule based on the participant's cohort class.

Special events – Special events generate revenue for the Foundation as well as raise awareness about the Foundation's mission. The most common revenue components are ticket sales and sponsorships sold for special events. Revenue raised from these events is recognized without donor restrictions in the year in which the event has occurred. Special event expenses include the costs of direct benefits to donors attending various special events hosted by the Foundation.

Donated goods and services – Certain contributed goods and services are reflected in the financial statements at the estimated fair value of the goods or services received. Contributed services are recognized as revenue in the accompanying financial statements if the services received (a) create or enhance nonfinancial assets, (b) require specialized skills that are provided by individuals possessing those skills, or (c) would typically need to be purchased if not provided by donation.

Texas Women's Foundation

Notes to Financial Statements

Contributed nonfinancial assets –The Foundation recognized contributed nonfinancial assets at fair value on the date of donation as an increase in contributions and a corresponding increase in either operating expenses or property and equipment, net, in the accompanying statements of activities, changes in net assets and financial position. The contributions are recorded as without donor restriction unless explicit donor stipulations specify how the donated assets must be used. The Foundation’s policy related to the contributed nonfinancial assets is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair value as determined by appraisal or specialist depending on the type of asset. For the years ended June 30, 2024 and 2023, contributed nonfinancial assets consisted of the following:

	2024	2023
Airline tickets	\$ -	\$ 40,000
Legal services	-	51,154
Advertising	26,200	49,610
Other	7,460	24,420
Total contributed nonfinancial assets	\$ 33,660	\$ 165,184

Airline tickets, legal services, advertising, and other donated goods and services are valued at the cost for receiving similar services or the hourly rate of the professional, usually provided by the service provider.

Cash and cash equivalents – Cash and cash equivalents include all highly-liquid investments with original maturities at the date of purchase of three months or less, including cash held in the investment portfolio. The Foundation places its cash equivalents with high credit quality financial institutions located in the United States which, at times, may exceed federally insured limits. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash held on behalf of other organizations – The Foundation accounts for assets received from a not-for-profit organization for the benefit of that not-for-profit organization, or one of its affiliated organizations, as a liability to the specified beneficiary concurrent with its recognition of the assets received. All asset transfers of this type, and the activity associated with those assets, are recognized as agency transactions and are not reflected in the statements of activities. In the statements of financial position, the assets held on behalf of the agency are included in cash and cash equivalents, and the related liability is classified as cash held on behalf of other organizations. Assets and liabilities related to such funds totaled \$702,078 and \$1,032,078 at June 30, 2024 and 2023, respectively.

Investments – The Foundation invests in equity securities, mutual funds, bonds, treasuries, and private partnerships. These investments are carried at fair value in accordance with GAAP. The average cost method is used for calculating realized gains or losses. Unrealized gains and losses reflect the change in the fair values of investments from the prior year. Both realized and unrealized gains and losses are included in investment income net of investment expenses.

Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends less management fees) is included in the determination of change in net assets and is reported as revenues, gains or losses, and support in the accompanying statements of activities and changes in net assets.

Texas Women's Foundation

Notes to Financial Statements

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

Pledges receivable – Contributions are recorded at their estimated fair value when unconditionally received or made rather than in the period for which the pledges are designated. Unconditional promises to give are recorded as revenue when the promise is made.

To determine the net realizable value of contributions, a loss provision is calculated as a percentage of pledges receivable. As described above, management assesses the risks of uncollectability to determine a reasonable loss provision. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly. Bad debt losses of \$9,135 and \$61,025 are included in the accompanying statements of activities and changes in net assets for the years ended June 30, 2024 and 2023, respectively.

Notes receivable, programmatic investments – Notes receivable, programmatic investments are stated at the amount of unpaid principal and adjusted for an allowance for collectability, when deemed appropriate. The Foundation records an allowance when management determines that collectability is not probable. Management's estimates are based on review of the receivable comprising the notes receivable, programmatic investments balance and considers known and inherent risks, the estimated fair value of the underlying collateral, and current and expected economic condition. Both notes bear the same interest rates and are not secured. The Foundation recognizes interest income in connection with the notes as it accrues. The Foundation reserves the right to convert an outstanding loan to an outright grant as approved by the Board. The Foundation does not consider an allowance necessary at June 30, 2024 and 2023. The Foundation evaluated the collectability and determined both were fully collectible as of June 30, 2024 and 2023.

Allowance for credit losses – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326, which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred-loss model to the expected-loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were notes receivable. The Foundation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Interest and miscellaneous receivables – Interest and miscellaneous receivables include interest on notes receivable and other miscellaneous receivables and are recorded in the financial statements in the period received.

Beneficial interests – The Foundation has beneficial interests in a charitable remainder trust and life insurance policies at June 30, 2024 and 2023.

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Notes to Financial Statements

The charitable remainder trust is held by a third-party trustee. Under the terms of the trust, the Foundation has an irrevocable right to receive assets upon the death of the donor which are designated for operations. As of the date of the trust agreement, the Foundation recognized a with donor restriction contribution equal to the present value of the fair value of the assets to be received. Subsequent changes in the fair value of the trust assets to be received are included in with donor restriction contribution net realized gains or losses on beneficial interests in the accompanying statements of activities and changes in net assets.

The life insurance policies are held by third-party life insurance carriers in which the Foundation is the owner and beneficiary. Under the terms of the policies, the Foundation has an irrevocable right to receive assets upon the deaths of the insured donors which are designated for the Foundation's general endowment and operations. As of the date of each policy, the Foundation recognized a with donor restriction contribution equal to the cash surrender value of each policy. Subsequent changes in the fair values of the insurance policies are included in net realized and unrealized gains or losses on beneficial interests in the accompanying statements of activities and changes in net assets.

Furniture and equipment – Furniture and equipment are stated at purchase cost or at fair value on the date received (if by donation), less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the furniture and equipment which ranges from three to seven years. Minor replacements, repairs, and maintenance expenses are expensed as incurred while acquisitions of major additions and improvements are capitalized. The Foundation's policy is to expense repairs and maintenance and all items under \$10,000. Depreciation expense is included in rent, utilities, and other facilities expenses in the statements of functional expenses. As of June 30, 2024 and 2023, furniture and equipment were approximately \$248,909 and \$291,318, net of accumulated depreciation of \$66,001 and \$162,535, respectively.

Intangibles – The accounting for website development costs is dependent upon the current stage of development of the site. In the planning stage and once the website is complete, all costs are expensed as incurred. Costs to develop any application software in the website are capitalized, but other costs are expensed. Upgrades and enhancements to the website may be capitalized, but only if additional functionality is added. Amortization is provided on a straight-line basis over the estimated useful lives of five years. Management does not believe there were any impaired intangibles for the year ended June 30, 2023. Intangibles were fully amortized as of the year ended June 30, 2024.

Income taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code (IRC) according to the United States Internal Revenue Service (IRS) determination letter dated October 1985. Accordingly, no provision has been made for federal income tax.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expenses in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. However, the conclusions regarding the uncertainty in income taxes will be subjective to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof. Management has determined that there are no material uncertain income tax positions.

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Notes to Financial Statements

Grant awards and grants payable – Grants are recognized as grants payable in the accompanying statements of financial position and mission programs expense in the accompanying statements of activities and changes in net assets at the time recipients are entitled to such grants. Generally, this occurs when the Foundation's Board approves the specific grant, or the grantee meets specific reporting and performance requirements outlined in the award. Grants that are conditioned on future certain events are expensed when those conditions are substantially met. Grants payable beyond one year are reported at the present value of their estimated future cash flows using a risk free discount rate as of the grant date.

Deferred revenues – Cash received and pledges from sponsorships sold for the annual special events are classified as deferred revenue and are recognized as revenue when the events occur. For tickets sold before the event takes place, the contribution portion is accounted for as a conditional contribution until the event takes place. Women's leadership education class enrollment purchases are classified as deferred revenue and are recognized as revenue on a quarterly basis as the classes are conducted. The balance of deferred revenues was \$259,750, \$172,250, and \$505,729, at June 30, 2024, June 30, 2023, and July 1, 2022, respectively.

Advertising costs – Advertising costs are expensed when incurred. Total advertising costs for the years ended June 30, 2024 and 2023 were \$35,470 and \$49,120, respectively.

Functional allocation of expenses – The costs of providing grants and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. When appropriate, costs are allocated on a direct cost basis to the various programs or supporting services. In some cases, expenses are incurred, which support the work performed under more than one function. Salary, payroll taxes, and benefits are based on time studies. Rent, utilities, and other facilities expenses are allocated based on square footage and direct costs. All others are based on time and effort.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases – The Foundation determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Foundation's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Foundation's leases do not provide an implicit rate, the incremental borrowing rate based on information available at the commencement date was used in determining the present value of lease payments. The Foundation elected to apply a portfolio approach to determining the discount rate used in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Leases with an initial term of 12 months or less are not recorded on the statements of financial position; however, lease expense is recognized on a straight-line basis over the lease term. The Foundation did elect to separate lease and nonlease components at the transaction date.

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Notes to Financial Statements

Reclassification of prior year presentation – Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on reported change in net assets.

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 Foundation 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 Foundation'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 financial statements are available to be issued (see Note 17).

Note 3 – Investments and Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosure* establishes a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value into three broad levels. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The objective of the fair value measurement is to determine 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. Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs.

Texas Women's Foundation

Notes to Financial Statements

Investments at fair value consist of the following as of June 30:

	2024 Fair Value	2023 Fair Value
Corporate and foreign bonds	\$ 511,192	\$ -
Government obligations	773,623	-
Equity securities	6,898,241	11,194,517
Mutual funds	11,778,979	11,296,353
Money market funds	423,883	-
Real estate investment trusts	928,957	994,506
Private partnership / joint venture	1,415,238	938,672
	22,730,113	24,424,048
Cash and cash equivalents held in investment accounts	319,237	1,214,665
	Total investments	24,424,048
	\$ 23,049,350	\$ 25,638,713

Investment advisory fees paid by the Foundation totaled \$175,041 and \$187,188 for the years ended June 30, 2024 and 2023, respectively, and are netted against investment gain in the accompanying statements of activities and changes in net assets.

The fair value hierarchy prioritizes the inputs into valuation techniques to measure fair value into three broad levels. They are as follows:

Level 1 – Are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, through corroboration with observable market data.

Level 3 – Are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority for quoted prices (unadjusted) in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Equities, fixed income, money market, and real assets – Assets held are valued using the closing price reported in the active market on which the individual securities are traded. These have been classified within Level 1 of the valuation hierarchy. If quoted prices are not available for a specific security, then the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. Such securities would be classified within Level 2 of the valuation hierarchy.

Texas Women's Foundation

Notes to Financial Statements

Net asset value – Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers, but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. The funds held by the Foundation utilize an investment strategy to diversify their portfolios and control risk through investing in diversified market-based securities appropriate to the purpose of each investment type.

Beneficial interest in charitable remainder trust – Valued based on quoted market prices for the underlying investments, discounted. The discount rate used by the Foundation reflects reevaluations of the expected future benefits (payments) to be received (paid) by the Foundation (beneficiaries), based on changes in life expectancy from mortality tables using annual IRS discount rates and other assumptions. The life expectancy for the beneficial interest as of June 30, 2024 and 2023, were approximately 6.1 years and 6.6 years, respectively. The discount rates used for the years ended June 30, 2024 and 2023 were 0% and 3.97%, respectively. Due to the significant unobservable inputs required to estimate the expected future cash receipts from the trust agreements under the income approach, the Foundation's beneficial interest is classified as Level 3 in the hierarchy.

Life insurance policies – The assets' carrying amount is the current cash surrender values on life insurance policies for which the Foundation is the beneficiary, and as such, the carrying value approximates fair value.

The Foundation's assets held at fair value on a recurring basis at June 30, 2024, are categorized as follows:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in hierarchy				
Corporate and foreign bonds	\$ -	\$ 511,192	\$ -	\$ 511,192
Equity securities	6,898,241	-	-	6,898,241
Mutual funds	3,844,375	-	-	3,844,375
Money market funds	423,883	-	-	423,883
Fixed income mutual funds	5,974,199	1,960,405	-	7,934,604
U.S. treasury obligations	-	474,341	-	474,341
U.S. government agencies	-	15,015	-	15,015
Municipal obligations	-	284,267	-	284,267
Life insurance policies	-	409,912	-	409,912
Charitable remainder trust	-	-	800,339	800,339
	<u>\$ 17,140,698</u>	<u>\$ 3,655,132</u>	<u>\$ 800,339</u>	21,596,169
Total assets in fair value hierarchy				
Investments measured at NAV				2,344,195
Cash equivalents				<u>319,237</u>
				<u>\$ 24,259,601</u>

Texas Women's Foundation

Notes to Financial Statements

The Foundation's assets held at fair value on a recurring basis at June 30, 2023, are categorized as follows:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in hierarchy				
Equity securities	\$ 11,194,517	\$ -	\$ -	\$ 11,194,517
Mutual funds	5,260,559	-	-	5,260,559
Fixed income mutual funds	3,163,616	2,872,178	-	6,035,794
Life insurance policies	-	394,602	-	394,602
Charitable remainder trust	-	-	585,871	585,871
Total assets in fair value hierarchy	<u>\$ 19,618,692</u>	<u>\$ 3,266,780</u>	<u>\$ 585,871</u>	23,471,343
Investments measured at NAV				1,933,178
Cash equivalents				<u>1,214,665</u>
				<u>\$ 26,619,186</u>

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 585,871	\$ 642,347
Change in value of charitable remainder trust	<u>214,468</u>	<u>(56,476)</u>
Ending balance	<u>\$ 800,339</u>	<u>\$ 585,871</u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided in the statements of activities and changes in net assets.

Investments, in general, are exposed to various risks, such as credit, interest rates, and overall market volatility, including foreign securities risk. As such, it is 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 and statements of activities and changes in net assets. The ultimate realization of these investments will depend on market conditions.

Texas Women's Foundation Notes to Financial Statements

The following are the commitment and redemption provisions for investments held at NAV as of June 30, 2024:

	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Business Development Companies				
Blackstone Private Credit Fund	\$ 249,997	N/A	Monthly	30 Days
Private Equity Funds				
Intercontinental US REIF	928,956	N/A	Quarterly	90 Days
Bridge WF & AH Fund II	199,602	95,172	N/A	N/A
Grosvenor Advance Fund	303,188	188,731	N/A	N/A
SSGA Gender Equity Fund	97,747	203,826	N/A	N/A
TPG Rise Fund III	70,636	226,875	N/A	N/A
AIP Alt Lending Fund	494,069	N/A	Quarterly	90 Days
	<u>\$ 2,344,195</u>	<u>\$ 714,604</u>		

The Foundation's investment strategy for investments valued at NAV as a practical expedient is as follows:

Blackstone Private Credit Fund (BCRED) – The investment strategy of the BCRED is a non-exchange traded business development company (BDC) that expects to invest at least 80% of its total assets (net assets plus borrowings for investment purposes) in private credit investments (loans, bonds, and other credit instruments that are issued in private offerings or issued by private companies).

Intercontinental US REIF – The investment strategy of Intercontinental US REIF seeks diversity by property mix and geography. Fund strategies actively seek opportunities to invest in both Core and Core-Plus properties, as well as in Value-Add operating properties and development projects.

Bridge Workforce and Affordable Housing Fund II – The investment strategy of the Bridge Workforce and Affordable Housing Fund II seeks to rehabilitate older, often run-down, housing stock with functional upgrades and amenities.

Grosvenor Advance Fund – The investment strategy of the Grosvenor Advance Fund is to invest in enterprises of transaction value ranging from \$10 million to \$30 million in 12 to 14 companies. The fund invests in minority and women-owned businesses.

SSGA Gender Diversity Fund – The investment strategy of the SSGA Gender Diversity Fund seeks to provide exposure to US companies that lead their sector in demonstrating a commitment towards promoting and supporting gender diversity throughout all levels of the organization.

TPG Rise Fund III – The investment strategy of the Rise Funds seeks to expand the reach of commercial capital in order to help a new generation of entrepreneurs build profitable businesses that deliver positive and sustainable impact.

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Notes to Financial Statements

AIP Alt Lending Fund – The investment strategy of the AIP Alt Lending Fund seeks to achieve its investment objective by investing in alternative lending securities that generate interest or other income streams that it believes offers access to credit risk premium. Alternative lending securities are loans originated through non-traditional, or alternative, lending platforms or securities that provide the Fund with exposure to such instruments.

Investments at fair value and cash and cash equivalents held in the investment accounts segregated by donor designation and net asset classes are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Endowments		
Board designated quasi-endowment, without donor designation	\$ 1,915,039	\$ 1,901,385
With donor restrictions	13,626,120	13,474,110
Donor-advised funds, without donor restrictions	6,168,413	8,227,549
Operating funds, without donor restrictions	111,752	684,662
Field-of-interest funds, without donor restrictions	<u>1,228,026</u>	<u>1,351,007</u>
 Total	 <u><u>\$ 23,049,350</u></u>	 <u><u>\$ 25,638,713</u></u>

Note 4 – Liquidity and Availability

The following table reflects the Foundation's financial assets as of June 30, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of nonliquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

Texas Women's Foundation

Notes to Financial Statements

All financial assets are considered to be available for general expenditures within one year:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 2,173,839	\$ 4,779,031
Investments	22,730,113	24,424,048
Pledges receivable, net	473,200	613,328
Notes receivable, programmatic investments	150,000	150,000
Interest and miscellaneous receivables	106,938	243,450
Beneficial interests	1,210,251	980,473
Financial assets, at June 30	26,844,341	31,190,330
Less financial assets unavailable for general expenditure within one year, due to		
Purpose restricted net assets	(2,200,086)	(2,819,952)
Board designated endowment fund and accumulated earnings	(1,915,039)	(1,901,385)
Endowments and accumulated earnings	(13,623,621)	(13,474,110)
Beneficial interests	(1,210,251)	(980,473)
Cash held on behalf of others	(702,078)	(1,032,078)
Pledges receivable, net, collectable beyond one year	(100,000)	(327,500)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,093,266	\$ 10,654,832

The Foundation manages its cash available to meet total expenditures in several significant ways:

- Preparing an annual operating budget that includes a cash flow analysis to ensure sufficient unrestricted cash to cover annual operating expenses. The operating budget is reviewed and approved by the Foundation's Board,
- Establishing an Investment Policy designed to balance risk and return to achieve the Foundation's short-term liquidity needs and its long-term financial sustainability goals,
- Operating under a spending policy designed to ensure long-term sustainability of the Foundation's endowment,
- Monthly evaluation and tracking of unrestricted cash balance and short-term needs, and
- Holding a minimum of three months operating expenditures in cash reserves.

Also, to manage liquidity, the Foundation maintains a secured line of credit with a credit limit of \$1,400,000, which it could draw upon in the event of an anticipated liquidity need. As of June 30, 2024 and 2023, the Foundation has an outstanding balance of approximately \$500,000, and the line of credit has approximately \$900,000 available to draw.

Texas Women's Foundation

Notes to Financial Statements

Note 5 – Endowments

Effective September 1, 2007, the State of Texas enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date.

The FASB ASC Subtopic 958-205, *Not-for-Profit: Financial Statement*, provides guidance on the net asset classification of donor-restricted funds for a not-for-profit organization that is subject to an enacted version of UPMIFA and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation has twenty-three donor restricted endowments which provide funding for grants and other operations of the Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – Based on the interpretation of UPMIFA by the Board of the Foundation, the guidance in ASC 958-205, and absent explicit donor stipulations to the contrary, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

In accordance with UPMIFA, the Foundation 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 Foundation 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 and depreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the fund. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2024 and 2023.

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Notes to Financial Statements

Strategies employed for achieving objectives – To satisfy its long-term rate of return objectives, the Foundation relies on total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's investment policy breaks out investable funds into three buckets: an endowment pool, donor-advised fund pool, and a short-term pool.

Return objectives and risk parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to grants and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified uses as well as board-designated funds. Under this policy, as approved by the Foundation's Board, the endowment assets are invested in a manner that is intended to produce a predictable stream of funding to programs supported by its endowments, with an expected target return of 7% to 9%. Actual returns in any given year may vary from this amount.

Spending policy and how the investment objectives relate to spending policy – The Foundation has a policy with a stated goal of appropriating for distribution each year up to 5% of each endowment fund's average fair value over the prior twelve quarters as of the most recent fiscal year-end. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% to 4% annually after its planned payouts. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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Notes to Financial Statements

Endowment net assets consisted of the following at June 30:

<u>2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowments	\$ -	\$ 13,623,621	\$ 13,623,621
Board designated quasi-endowment	1,915,039	-	1,915,039
Endowment net assets	<u>\$ 1,915,039</u>	<u>\$ 13,623,621</u>	<u>\$ 15,538,660</u>
 <u>2023</u>			
Donor restricted endowments	\$ -	\$ 13,474,110	\$ 13,474,110
Board designated quasi-endowment	1,901,385	-	1,901,385
Endowment net assets	<u>\$ 1,901,385</u>	<u>\$ 13,474,110</u>	<u>\$ 15,375,495</u>

Changes to endowment net assets are as follows for the years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, at June 30, 2023	\$ 1,901,385	\$ 13,474,110	\$ 15,375,495
Contributions	-	16,250	16,250
Investment gain	133,322	1,014,156	1,147,478
Appropriation of endowment assets for grant and operational expenditures	<u>(119,668)</u>	<u>(880,895)</u>	<u>(1,000,563)</u>
Endowment net assets, at June 30, 2024	<u>\$ 1,915,039</u>	<u>\$ 13,623,621</u>	<u>\$ 15,538,660</u>
Endowment net assets, at June 30, 2022	\$ 1,871,008	\$ 13,158,926	\$ 15,029,934
Contributions	-	52,781	52,781
Investment gain	139,436	886,984	1,026,420
Appropriation of endowment assets for grant and operational expenditures	<u>(109,059)</u>	<u>(624,581)</u>	<u>(733,640)</u>
Endowment net assets, at June 30, 2023	<u>\$ 1,901,385</u>	<u>\$ 13,474,110</u>	<u>\$ 15,375,495</u>

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Notes to Financial Statements

Note 6 – Pledges Receivable

Pledges receivable consist of unconditional promises to give for the following purpose as of June 30:

	2024	2023
Donor-advised funds and giving circles	\$ -	\$ 13,500
Operations	100,969	144,269
Grant and program funding	400,000	500,000
Endowment	2,500	5,000
Gross pledges receivable	503,469	662,769
Less discount to net present value	(5,096)	(16,303)
Less allowance for uncollectible pledges	(25,173)	(33,138)
Total pledges receivable, net	\$ 473,200	\$ 613,328

The maturity of pledges receivable as of June 30, 2024 and 2023, are as follows:

	2024	2023
Less than one year	\$ 373,200	\$ 285,828
One to five years	100,000	327,500
Total	\$ 473,200	\$ 613,328

Long term pledges receivable consisted of one grant discounted at a rate of 5.37%.

Approximately 94% of gross pledges receivable were due from two donors and 88% of gross pledges receivable are due from three donors at June 30, 2024 and 2023, respectively.

Note 7 – Notes Receivable, Programmatic Investments

The Foundation has two outstanding notes receivable agreements as of June 30, 2024 and 2023, totaling \$150,000, respectively. These notes represent the Foundation's desire to increase programmatic investments.

The two outstanding notes are note agreements entered into as of February 13, 2015, with two micro-lending agencies. These notes had an initial face value of \$75,000 each, to be used to assist women entrepreneurs in Texas with small business loans. Credit is extended based upon evaluation of the borrowing entity's financial condition and other factors. Collateral is not generally required. The Foundation earns interest of 2.5% per year on these notes, with interest payments to be made annually. Payments on the principal amount can be made at any time, with the full remaining balance due and payable in February 2019. In August 2020, the Foundation extended the terms of the agreement for both notes until July 31, 2023. In August 2023, the Foundation extended the terms of the agreement for both notes until July 31, 2026. The Foundation does not consider an allowance necessary at June 30, 2024 and 2023.

Texas Women's Foundation

Notes to Financial Statements

For the years ended June 30, 2024 and 2023, total interest was \$3,437 and \$3,597, respectively, and is recorded as interest income on notes receivable, programmatic investments in the accompanying statements of activities and changes in net assets.

Note 8 – Intangibles

Intangible assets acquired consist of the following at June 30:

	2024	2023
Intangibles	\$ 161,602	\$ 161,602
Less accumulated amortization	(161,602)	(157,002)
	\$ -	\$ 4,600

Note 9 – Grants Payable

Grants authorized but unpaid at year-end are reported as liabilities. Grants to be paid in more than one year are discounted using rate of 5.09%.

The following is a summary of grants authorized and payable at June 30, 2024:

2025	\$ 88,545
2026	20,000
Gross grants authorized but unpaid	108,545
Less discount on long-term grants	(969)
Net grants authorized but unpaid	\$ 107,576

Amortization of discounts on grants payable is reported in the statements of activities and changes in net assets in the same program service functional expense classification in which the promise to give was initially reported.

Texas Women's Foundation

Notes to Financial Statements

Note 10 – Net Assets with Donor Restriction

Donor restricted net assets consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Endowment and beneficial interest	\$ 11,144,027	\$ 11,019,569
Leadership	199,142	347,932
Events	1,524,635	1,538,909
Economic security	1,378,429	1,476,550
Childcare	1,661	1,528
Advocacy	543,268	579,225
Research	361,289	466,340
Philanthropy education	385,814	383,624
Other	76,942	171,885
Women's health	150,000	250,000
Giving circles and donor advised funds	58,500	58,500
	<u>58,500</u>	<u>58,500</u>
Total	<u>\$ 15,823,707</u>	<u>\$ 16,294,062</u>

Note 11 – Net Assets Released from Restrictions

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Purpose restrictions	\$ 2,458,924	\$ 3,468,541
Time restrictions	<u>-</u>	<u>165,356</u>
	<u>-</u>	<u>165,356</u>
Total	<u>\$ 2,458,924</u>	<u>\$ 3,633,897</u>

Note 12 – Operating Leases

In June 2012, the Foundation executed a noncancelable operating lease for their main office space that expired on April 30, 2020. On October 9, 2019, the lease was amended to extend the lease term to November 30, 2027.

Texas Women's Foundation Notes to Financial Statements

The future payments due under operating leases are as follows for the years ending June 30:

2025	\$ 149,990
2026	153,015
2027	156,040
2028	<u>65,542</u>
Total	524,587
Less imputed interest	<u>(14,697)</u>
Lease liability	<u><u>\$ 509,890</u></u>

The Foundation recognized \$228,141 and \$219,830 for the years ended June 30, 2024 and 2023, respectively, in operating lease costs recorded within rent, utilities, and other facilities expenses in the statements of functional expenses.

The weighted-average remaining lease term for all operating leases were 3.42 years and 4.42 years as of June 30, 2024 and 2023, respectively.

The leases do not have an implicit rate, therefore the Foundation utilizes its incremental borrowing rate as the discount rate. The weighted-average discount rate associated with operating leases as of June 30, 2024 and 2023 was 1.61%.

Note 13 – Employee Benefit Plan

The Foundation has a tax deferred annuity plan under Section 403(b) of the Code, which is available to all eligible full-time and part-time employees after meeting certain eligibility requirements. Under the plan, participating employees make voluntary contributions for the plan under a salary reduction agreement, and the Foundation makes matching contributions based on years of service up to a certain percentage of the employees' contributions. The employer may also make nonelective contributions to the plan unrelated to the employee's elective deferrals up to a certain percentage.

The Foundation contributed \$56,408 and \$75,037 during the years ended June 30, 2024 and 2023, respectively.

Note 14 – Debt

Line of credit – The Foundation opened a line of credit on October 25, 2019, with a financial institution. At June 30, 2024 and 2023, approximately \$900,000 is available under this line. The revolving line of credit bears interest at SOFR, plus .75%, which was 6.09% and 5.918% at June 30, 2024 and 2023, respectively.

The line of credit is secured by the Board-designated endowments and has an outstanding balance of approximately \$500,000 as of June 30, 2024 and 2023.

Texas Women's Foundation

Notes to Financial Statements

Note 15 – Related Party Transactions

Related parties include members of the Board, the advisory council, and Foundation staff. Revenues from related parties consists of contributions from board members, advisory council members, and Foundation staff and represents approximately 3% and 0% of total revenues for the years ended June 30, 2024 and 2023, respectively.

The Foundation also holds beneficial interests in assets gifted from related parties for an irrevocable charitable remainder trust and irrevocable life insurance policy. These beneficial interests from related parties, prior to being discounted to present value, totaled \$1,008,674 and \$786,248 as of June 30, 2024 and 2023, respectively.

Note 16 – Commitments and Contingencies

The Foundation is subject to general litigation incidental to the normal course of business. In the opinion of management, the ultimate disposition of such proceedings is not expected to have a material adverse effect on the Foundation's financial position, results of operations, or cash flows.

Note 17 – Subsequent Events

Subsequent events were evaluated through October 9, 2024, which is the date the financial statements were available to be issued.

