

CALIFORNIA WOMEN'S LAW CENTER
FINANCIAL STATEMENTS
JUNE 30, 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Women's Law Center
El Segundo, California

Opinion

We have audited the accompanying financial statements of California Women's Law Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Women's Law Center as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 California Women's Law Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Women's Law Center'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 generally accepted auditing standards 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 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 generally accepted auditing standards, 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 California Women's Law Center'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 California Women's Law Center'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.


BODEN KLEIN & SNEESBY
Certified Public Accountants
Roseville, California

October 23, 2023

CALIFORNIA WOMEN'S LAW CENTER

Statement of Financial Position

June 30, 2023

ASSETS

Current assets:	
Cash	\$ 838,279
Investments	3,330,454
Receivables	3,167
Prepaid expenses	15,234
Right of use asset - operating lease	<u>67,600</u>
Total current assets	<u>4,254,734</u>
Property and equipment:	
Office equipment	65,339
Office furniture	<u>9,292</u>
Total property and equipment	74,631
Less: accumulated depreciation	<u>70,418</u>
Property and equipment, net	<u>4,213</u>
Other assets:	
Right of use asset - operating lease	278,583
Deposits	<u>8,339</u>
Total other assets	<u>286,922</u>
TOTAL ASSETS	<u>\$ 4,545,869</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 2,725
Accrued expenses	7,971
Deferred revenue	589,288
Lease liability - operating	<u>59,334</u>
Total current liabilities	659,318
Noncurrent liabilities:	
Lease liability - operating	<u>297,494</u>
Total liabilities	956,812
Net assets:	
Without donor restrictions	<u>3,589,057</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,545,869</u>

See notes to financial statements.

CALIFORNIA WOMEN'S LAW CENTER

Statement of Activities

For the Year Ended June 30, 2023

Support and revenues:	
Contributions - IOLTA/Equal Access	\$ 565,091
Contributions - individuals and corporations	55,622
Private grants	6,615
Fundraising events, net of \$48,121 of direct costs	87,997
Donated in-kind legal services	482,040
Court awarded fees	56,346
Other income	5,387
Realized loss on investments	(1,578)
Unrealized gain on investments, net	156,205
Interest income	87,069
Total support and revenues	<u>1,500,794</u>
Expenses:	
Program services	1,052,932
Supporting services	74,918
Fundraising	69,539
Total expenses	<u>1,197,389</u>
Change in net assets	303,405
Net assets, July 1, 2022	<u>3,285,652</u>
NET ASSETS, JUNE 30, 2023	<u>\$ 3,589,057</u>

See notes to financial statements.

CALIFORNIA WOMEN'S LAW CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Supporting Services	Fundraising	Total
Expenses:				
Audit	\$ -	\$ 6,550	\$ -	\$ 6,550
Bank charges	2,452	272	-	2,724
Bookkeeping	-	14,356	-	14,356
Contract personnel	2,470	-	-	2,470
Depreciation	1,322	-	-	1,322
Dues and subscriptions	8,993	-	-	8,993
In-kind legal services	482,040	-	-	482,040
Insurance	1,847	7,389	-	9,236
Office expense/supplies	12,609	500	-	13,109
Outside services	3,219	358	-	3,577
Payroll benefits	32,600	2,356	5,389	40,345
Payroll service fees	2,952	214	488	3,654
Payroll taxes	26,170	1,891	4,326	32,387
Postage and shipping	457	51	-	508
Printing and publications	3,084	343	-	3,427
Professional fees	1,703	-	-	1,703
Promotion	20,359	-	-	20,359
Rent and parking	80,655	8,962	-	89,617
Retirement contribution	19,458	1,406	3,216	24,080
Salaries	336,970	24,351	55,702	417,023
Telephone	3,551	395	-	3,946
Training	4,171	4,973	-	9,144
Travel	3,323	369	-	3,692
Workers' compensation	2,527	182	418	3,127
TOTAL EXPENSES	\$ 1,052,932	\$ 74,918	\$ 69,539	\$ 1,197,389

See notes to financial statements.

CALIFORNIA WOMEN'S LAW CENTER
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flow from operating activities:	
Change in net assets	\$ 303,405
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,322
Investments gain, net	(154,627)
Changes in operating assets and liabilities:	
Receivables	30,026
Prepaid expenses	(2,678)
Deposits	(3,865)
Accounts payable	1,000
Accrued expenses	7,616
Deferred revenue	252,168
Deferred rent/lease liability - operating	<u>9,502</u>
Net cash provided by operating activities	<u>443,869</u>
Cash flow from investing activities:	
Proceeds from sale of investments	30,000
Purchases of investments	<u>(455,681)</u>
Net cash used in investing activities	<u>(425,681)</u>
Increase in cash	18,188
Cash, July 1, 2022	<u>820,091</u>
CASH, JUNE 30, 2023	<u><u>\$ 838,279</u></u>

Supplemental disclosures

Cash paid for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

See notes to financial statements.

CALIFORNIA WOMEN'S LAW CENTER

Notes to Financial Statements

June 30, 2023

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting entity -

The California Women's Law Center (the Center) was established to create a more just and equitable society by breaking down barriers and advancing the potential of women and girls through transformative litigation, policy advocacy and education. To achieve its purpose, the Center provides technical support in these areas to legal service firms and private attorneys, community organizations, governmental agencies and direct service providers in the form of materials, training, amicus briefs, conferences, other aid and advice, and engages in advocacy.

b. Description of Major Program Funds -

The State Bar of California's Equal Access Fund grant promotes the Center's work addressing the unique needs of women veterans and their families.

The State Bar IOLTA grant promotes the Center's work supporting direct legal service providers throughout California.

c. Standards of reporting -

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Center reports its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represents net assets not subject to donor-imposed restrictions and are available to support the Center's activities and operations at the discretion of management and the Board of Directors. Net assets with donor restrictions represents net assets subject to donor-imposed stipulations that are met either by satisfying the stipulation or through the passage of time. When a donor-imposed restriction is met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. It is the policy of the Organization to record restricted support as net assets without donor restrictions when the donor-imposed restrictions have been satisfied within the same reporting period. At June 30, 2023, the Center had no net assets with donor restrictions.

d. Use of Estimates -

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of

CALIFORNIA WOMEN'S LAW CENTER

Notes to Financial Statements

June 30, 2023

contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Revenue recognition -

Contributions and grants are recognized in full when received or unconditionally pledged, in accordance with ASC 958-605, *Not-For-Profit Entities*, Revenue Recognition. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes.

Fees derived from services are recognized when the service is completed. Other revenue is recognized as revenue when received based on the uncertain nature of the timing and amount.

f. Receivables -

Receivables are stated at the amount management expects to collect from outstanding balances based on an evaluation of uncollected accounts, using the allowance method. There was no allowance balance at June 30, 2023 as management expects all receivables to be fully collectible.

g. Investments -

The Center reports investments in equity securities with readily determinable fair values and all debt securities at fair value. Other investments are carried at cost. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

h. Property and equipment -

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over five years.

i. Income Taxes -

The Center is a non-profit organization exempt from income taxes under IRC code Section 501(c)(3) and Section 23701(d) of the California Code. There was no impact on the Center's financial statements relating to uncertain tax positions. The Center's tax returns remain subject to examination from the various taxing authorities for up to four years.

CALIFORNIA WOMEN'S LAW CENTER

Notes to Financial Statements

June 30, 2023

j. Donated Services -

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received.

k. Functional Expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated on the basis of benefits received predominately based on time and effort. Specific expenses that are readily identifiable to a single program or activity are charged directly to that program.

l. Fair value hierarchy -

FASB ASC 820, *Fair Value Measurement* provides guidance for measuring the fair value of assets and liabilities. The objective of a fair value measurement is to determine the price that would be received when selling an asset or paid when transferring a liability. The guidance outlines a fair value hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below.

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

m. Leases -

The Center recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Center is a lessee in a noncancellable operating leases for office space. The Center determines if an arrangement is a lease, or contains a lease, at inception of the contract and when the terms of an existing contract are changed. The Center recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease.

CALIFORNIA WOMEN'S LAW CENTER

Notes to Financial Statements

June 30, 2023

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable and if not, the Center uses its incremental borrowing rate based on the information available at the commencement date of the leases. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e. present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Center has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Center is reasonably certain to exercise. The lease cost associated with short-term leases is recognized on a straight-line basis.

NOTE 2 - INVESTMENTS:

Investments are stated at fair value and are all being measured under Level 1 inputs under the fair value hierarchy. At June 30, 2023 investments consisted of \$1,405,644 of fixed income funds and \$1,924,810 of equity funds. Investment fees of \$30,091 are netted against investment income in the statement of activities.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Center's cash is maintained at various financial institutions. The Center has exposure to credit risk to the extent that its cash exceeds amounts covered by federal deposit insurance. The Center believes that its credit risk, if any, is not significant.

NOTE 4 - RETIREMENT PLAN:

The Center participates in a SEP-IRA arrangement under which the Center allows discretionary contributions towards an employee's individual retirement account or annuity (IRA) of up to 8% per year. In order to participate, employees must have one year's service. The Center made contributions of \$24,080 to the plan for the year ended June 30, 2023. In addition, the Center offers a voluntary salary deferral plan under IRC section 403(b).

CALIFORNIA WOMEN'S LAW CENTER
Notes to Financial Statements
June 30, 2023

NOTE 5 - COMMITMENTS:

The Center leases its premises under an operating lease which expires February 2028. The current monthly lease payment is \$7,631. Total rental expense for the year ended June 30, 2023 was \$84,557. The agreement calls for rent abatement for 7 months at various times throughout the lease. Due to the rent abatement and the escalating rates of rent over the lease term, rent expense is recognized by the Center on a straight-line basis over the lease term. The weighted average remaining lease term is 4.7 years, and the weighted average discount rate is 5%. The future annual operating lease commitment is as follows:

<u>Fiscal Year Ending June 30,</u>	
2024	\$ 76,087
2025	78,371
2026	86,459
2027	96,916
2028	<u>66,469</u>
Total	<u>\$ 404,302</u>

NOTE 6 - LIQUIDITY:

The following reflects the Center's financial assets as of the statement of financial position date.

Financial assets available to meet cash needs for general expenditures within one year, at June 30, 2023	<u>\$ 4,171,900</u>
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As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 23, 2023, the date on which the financial statements were available to be issued.