

WOMEN'S ECONOMIC VENTURES
FINANCIAL STATEMENTS
DECEMBER 31, 2020

WOMEN'S ECONOMIC VENTURES

DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women's Economic Ventures
Santa Barbara, California

Report on the Financial Statements

We have audited the accompanying financial statements of Women's Economic Ventures (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Women's Economic Ventures as of December 31, 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The Organization's December 31, 2019 financial statements were audited by another auditor, and an unmodified audit opinion was expressed on those audited financial statement dated June 26, 2020.



Santa Barbara, California
June 29, 2021

WOMEN'S ECONOMIC VENTURES

STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With Comparative Totals for December 31, 2019)

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2020	(Memo)	Total 2019
Cash and equivalents	\$ 587,144	\$ 245,577	\$ 832,721	\$	698,114
Cash and equivalents for lending	788,503	330,952	1,119,455		880,720
Contracts and grants receivable	184,045	-	184,045		137,961
Pledges receivable (Note 3)	-	174,530	174,530		478,107
Loans receivable, net	1,249,262	-	1,249,262		767,206
Interest receivable	6,330	-	6,330		3,819
Investments (Note 4)	2,520,728	527,566	3,048,294		2,653,921
Furniture, equipment, and improvements, net (Note 7)	-	-	-		1,333
Prepaid expenses	32,314	-	32,314		7,814
Deposits	1,265	-	1,265		3,865
TOTAL ASSETS	<u>\$ 5,369,591</u>	<u>\$ 1,278,625</u>	<u>\$ 6,648,216</u>		<u>\$ 5,632,860</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 374,645	\$ -	\$ 374,645	\$	115,911
Deferred revenue	113,805	-	113,805		-
Advances received for lending purposes	312,311	-	312,311		113,695
Deferred loan fees	5,571	-	5,571		3,742
Loan payable to the Small Business Administration	232,289	-	232,289		250,000
Subordinated loan payable	750,000	-	750,000		500,000
Non-interest bearing deposits	200,000	-	200,000		450,000
TOTAL LIABILITIES	<u>1,988,621</u>	<u>-</u>	<u>1,988,621</u>		<u>1,433,348</u>
NET ASSETS (Note 15)	<u>3,380,970</u>	<u>1,278,625</u>	<u>4,659,595</u>		<u>4,199,512</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,369,591</u>	<u>\$ 1,278,625</u>	<u>\$ 6,648,216</u>		<u>\$ 5,632,860</u>

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

WOMEN'S ECONOMIC VENTURES

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	(Memo) Total 2019
REVENUE, GAINS, AND OTHER SUPPORT				
Individual contributions	\$ 93,722	\$ 185,598	\$ 279,320	\$ 550,872
Corporate contributions	438,997	218,092	657,089	358,050
Education program fees	81,434	-	81,434	136,972
Government support for operations	1,340,217	-	1,340,217	618,418
Foundation grants	164,532	347,368	511,900	414,900
Bequests	150,000	-	150,000	300,000
Interest income from lending	94,657	-	94,657	72,702
Fees earned from lending	5,811	-	5,811	8,182
Investment return, net of fees (Note 4)	294,178	64,493	358,671	279,377
Special events less costs of direct benefits to donors of \$0 and \$36,844	-	-	-	20,276
Other income	5,260	-	5,260	227
Net assets released from restrictions	987,571	(987,571)	-	-
Total Revenue, Gains, and Other Support	3,656,379	(172,020)	3,484,359	2,759,976
EXPENSES				
Program services	2,162,346	-	2,162,346	2,091,798
Management and general	559,712	-	559,712	354,548
Development and fundraising	302,218	-	302,218	265,487
Total Expenses	3,024,276	-	3,024,276	2,711,833
CHANGE IN NET ASSETS	632,103	(172,020)	460,083	48,143
NET ASSETS, BEGINNING OF YEAR	2,748,867	1,450,645	4,199,512	4,151,369
NET ASSETS, END OF YEAR	\$ 3,380,970	\$ 1,278,625	\$ 4,659,595	\$ 4,199,512

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

WOMEN'S ECONOMIC VENTURES

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Program Services	Management and General	Fundraising	Total 2020	(Memo) Total 2019
Salaries and benefits	\$ 1,846,039	\$ 426,587	\$ 242,671	\$ 2,515,297	\$ 1,816,443
Grants and awards	-	-	-	-	381,625
Supplies and services	107,553	18,923	51,384	177,860	263,947
Professional Fees	40,985	120,254	2,016	163,255	67,903
Occupancy	81,994	4,543	4,481	91,018	99,064
Insurance	11,841	12,846	1,564	26,251	15,880
Training, conferences, and meetings	1,590	2,154	35	3,779	23,676
Interest	-	-	-	-	1,584
Depreciation	1,200	67	67	1,334	405
Interest cost of funds (SBLF)	15,965	-	-	15,965	6,681
Provision for loan losses (SBLF)	30,716	-	-	30,716	58,296
Legal (SBLF)	5,900	-	-	5,900	3,902
Other operating expenses (SBLF)	18,563	-	-	18,563	20,300
	<u>2,162,346</u>	<u>585,374</u>	<u>302,218</u>	<u>3,049,938</u>	<u>2,759,706</u>
Less donor benefits netted from special events revenue	-	-	-	-	(36,844)
Less advisory fees netted from investment return	-	(25,662)	-	(25,662)	(11,029)
	<u>2,162,346</u>	<u>559,712</u>	<u>302,218</u>	<u>3,024,276</u>	
Total Expenses	<u>\$ 2,162,346</u>	<u>\$ 559,712</u>	<u>\$ 302,218</u>	<u>\$ 3,024,276</u>	
(Memo) Total 2019	<u>\$ 2,091,798</u>	<u>\$ 354,548</u>	<u>\$ 265,487</u>		<u>\$ 2,711,833</u>

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

WOMEN'S ECONOMIC VENTURES

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	2020	(Memo) 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 460,083	\$ 48,143
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,334	405
Provision for loan losses	30,717	58,296
Realized loss on investments	22,913	783
Unrealized gain on long-term investments	(346,370)	(217,509)
Decrease (increase) in pledges and contributions receivable	303,577	(242,400)
Increase in contracts and grants receivable	(46,084)	(6,633)
Increase in interest receivable	(2,511)	(179)
Decrease (increase) in prepaid expenses and deposits	(21,900)	3,164
Increase in accounts payable and accrued expenses	258,734	27,640
Increase in deferred loan fees	1,829	1,598
Decrease in advances received for lending purposes	198,616	-
Increase (decrease) in deferred revenue from contracts	113,805	(34,559)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	974,743	(361,251)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in loans receivable	(512,773)	(71,141)
Purchase of marketable securities	(778,958)	(3,053,845)
Sale of marketable securities	708,041	962,548
NET CASH USED BY INVESTING ACTIVITIES	(583,690)	(2,162,438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	-	500,000
Payments on loans payable	(17,711)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(17,711)	500,000
NET INCREASE (DECREASE) IN CASH	373,342	(2,023,689)
CASH, BEGINNING OF YEAR	1,578,834	3,602,523
CASH, END OF YEAR	\$ 1,952,176	\$ 1,578,834
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash transactions consisted of the following:		
Cash paid for interest	\$ 15,965	\$ 8,097
Subordinated loan refinanced	\$ -	\$ 250,000

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

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: ORGANIZATION

Women's Economic Ventures (WEV) is a 501(c)(3) non-profit organization dedicated to creating an equitable and just society through the economic empowerment of women. Established in 1981, WEV serves Santa Barbara and Ventura Counties. WEV provides training, advisory services and loans to help small business entrepreneurs start, grow and thrive in business. While WEV targets its services toward women, it supports individuals of all gender identities. Services are provided in both English and Spanish. WEV is a U.S. Small Business Administration's (SBA) Women's Business Center (WBC), a certified Community Development Financial Institution (CDFI), and a certified SBA microlender.

Training and Advisory Services include:

1) General Entrepreneurial Training: 6–14-week, instructor-led programs, delivered in-person and online providing a foundational understanding of entrepreneurship. 2) Specialist Entrepreneurial Training: 4–7-week, instructor-led programs, delivered in-person and online providing a deeper understanding of areas such as digital marketing, QuickBooks, e-commerce. 3) Financial Training - Designed to improve financial literacy and financial confidence for the small business owner. 4) Business Advisory Services: Individual business guidance to support small business owners in achieving their business goals. Services can be long-term, general, advisory, or short-term goal specific. 5) Business Recovery – Post-disaster support for small business including specialist advisory service and emergency loans. 6) Professional Development – Training and coaching to develop leadership and other skills identified as highly relevant to women in pursuit of their career goals. 7) Community Engagement – regular in-person and virtual events for WEV clients and community members; bi-weekly newsletter; social media posts; online client business directory.

Access to capital: WEV has been a certified CDFI since 1999 and is a certified SBA microlender. WEV's loan program is targeted to low-and moderate-income individuals who have been underserved by traditional lenders. Loans range from \$5,000 to \$150,000. WEV staff provides loan consultation and loan packaging assistance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of WEV have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United State of America (GAAP). The significant accounting policies are described below to enhance usefulness of the financial statements to the reader.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

During 2019, WEV adopted ASU No. 2018-08 – *Not for Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard provides guidance in determining (1) whether a grant or similar contract is to be treated as an exchange transaction or a contribution, and (2) determining whether a contribution is conditional or unconditional. The adoption of this standard does not change any previously recorded amounts.

Description of Net Assets

WEV reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

With Donor Restrictions

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. Earnings on net assets with donor restrictions are reported as an increase in net assets with donor restrictions. Earnings on donor-restricted endowment funds that have not yet been appropriated are also classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as "Net assets released from restrictions". Net assets with donor restrictions include perpetual income trusts for which the related income is reported as contributions without donor restrictions when received on the Statement of Activities. The change in value of the underlying assets is recorded as an unrealized gain or loss in net assets with donor restrictions on the Statement of Activities. Net assets with donor restrictions also consist of those donor-restricted endowments held by the Agency as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

Estimates used in preparing these financial statements include the allocation of certain expenses by function. Other estimates include the depreciable lives of property and equipment and allowance for loan losses.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, cash and cash equivalents include cash on hand and amounts held in checking, savings, and money market accounts. For financial statement purposes, WEV considers all investments with a maturity of three months or less to be cash equivalents.

Revenue Recognition

Program service fees are recognized as revenue when earned, primarily when a program is provided. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Loans Receivable

Loans are made primarily to small businesses. These loans are due over 1 to 6 year periods with interest ranging from 4% to 15% per annum. Interest is recognized over the life of the loan and is calculated using the simple-interest method on the principal amount outstanding. Payments are made on a monthly basis, and the interest portion of the payment is reflected as income when the payment is received.

Fees earned consist of loan application and closing fees. Closing fees net of direct loan organization costs are recognized over the life of the loan.

WEV determines the adequacy of its allowance for loan losses inherent in its financing by reviewing the loan portfolio by segment and class. The portfolio segment is based on the type of financing offered, which currently consists of small business loans. The segment is broken down by classes, which consists of loans secured by real property, business personal property, or unsecured.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for loan losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard, or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value, or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when it is likely that WEV will be unable to fully collect the principal and interest payments due under the loan's contractual terms. Loans deemed to be impaired are evaluated individually.

The credit quality of the loan portfolio is based upon whether a loan is performing or nonperforming. Nonperforming notes are those over 90 days past due without a payment.

Contracts and Grants Receivable

Contracts and grants receivable are comprised primarily of amounts due under contract from granting organizations for services provided. Based on a review of historical collections, management has set an allowance for uncollectible pledges of 10% of the total balance due. Additionally, management uses a discount rate of 2% to determine present value of pledges receivable.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

When a donor has unconditionally promised to contribute funds to WEV in future periods, WEV recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible based on favorable history over a substantial period of time.

Investments

Investments in marketable equity and debt securities are stated at market value. All gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless required by donors to be reinvested in net assets with donor restrictions. As a result of reporting investments at market value WEV reports changes in market values on a portfolio basis as unrealized gains or losses. In years where investments are sold the realized gains or losses are reported and the changes in unrealized gains or losses on a portfolio basis is also reported.

Property and Equipment

WEV records property and equipment at cost if purchased or at fair market value at the time of contribution if donated, and depreciates these assets using the straight line method over their estimated useful lives.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the income is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Donated Services

Individuals donate their time to various activities of WEV. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the Statement of Activities.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expenses as incurred. Advertising costs for the year ended December 31, 2020 were \$22,728.

Functional Allocation of Expenses

The costs of providing WEV's various programs and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Certain costs, based upon estimates by management, have been allocated among the programs and supporting services benefited. The estimates by management take into consideration personnel and space utilization.

Income Taxes

WEV is a nonprofit corporation exempt from Federal income taxes under IRC 501 (c)(3) and State income taxes under Revenue and Taxation Code Section 23701 (d), therefore, no amounts for income taxes are reflected in the accompanying financial statements. WEV is not a private foundation for income tax purposes. WEV is not aware of any transactions that would affect its tax-exempt status.

WEV evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probably and reasonably estimable. As of December 31, 2020, WEV had no uncertain tax positions requiring accrual.

WEV files tax returns in California and U.S. federal jurisdictions. WEV is no longer subject to US federal, state, and local tax examinations by tax authorities for years before 2017 and 2016, respectively.

Subsequent Events

WEV has evaluated subsequent events through June 29, 2021, the date which the financial statements were available to be issued.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class in the Statement of Activities or by function in the Statement of Functional Expenses. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the WEV's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

Reclassification

Certain reclassifications have been made to the December 31, 2019, financial statements to conform to the presentation used in the December 31, 2020, financial statements.

NOTE 3: PLEDGES AND CONTRIBUTIONS RECEIVABLE

WEV has established an allowance for uncollectible pledges of 10% based on historical collections. A discount factor of 2% is applied to amounts receivable in excess of one year. Pledges and contributions receivable are collectible as follows:

2021	\$	129,528
2022		46,530
2023		13,755
2024		4,133
2025		2,167
Thereafter		<u>1,000</u>
		197,113
	Less unamortized discount	(4,872)
	Less reserve for uncollectible pledges	<u>(17,711)</u>
		<u>\$ 174,530</u>

NOTE 4: INVESTMENTS

Investments are presented in the financial statements at fair market value, which is derived from quoted market prices at year end. At December 31, 2020, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and cash equivalents	\$ 36,794	\$ 36,794	\$ -
Equities	1,558,365	2,060,545	502,180
Fixed income	750,068	772,879	22,811
Liquid real assets	<u>169,510</u>	<u>178,076</u>	<u>8,566</u>
Total	<u>\$ 2,514,737</u>	<u>\$ 3,048,294</u>	<u>\$ 533,557</u>

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: INVESTMENTS (continued)

The following summarizes the investment return included as unrestricted revenue in the statement of activities for the year ended December 31, 2020:

Investment and dividend income	\$ 60,876
Realized loss on value of securities	(22,913)
Unrealized gain on value of securities	346,370
Investment fees	<u>(25,662)</u>
Net Investment Income	<u>\$ 358,671</u>

NOTE 5: FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures, provides the framework for measuring and disclosing the fair value of assets and liabilities. Accounting principles define fair value as the price that would be received by WEV to sell an asset or be paid by WEV to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established that prioritizes valuation inputs into three broad levels to ensure consistency and comparability. The valuation hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3) described as follows:

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; including general partner estimates and recent third-party appraisals.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then Level 2 fair values are estimated by using a pricing model of quoted prices of securities with similar characteristics or discounted cash flows. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: FAIR VALUE MEASUREMENT (continued)

Fair market valuation of Level 3 securities is based on estimates of management, information valuation methods used within a particular industry, or other market factors to determine if the carrying value of these investments should be adjusted. Because of the inherent uncertainty of valuations, however, the estimated values may differ from the values that would have been used had a ready market existed, and the differences could be material.

The following is a description of the general classification of investments pursuant to the valuation hierarchy:

Money market funds – include held for investment purposes includes money market funds and cash equivalent assets, and is valued at face value.

Equity securities – include investments in domestic and international equities of varying market capitalizations. Equities are held as separate ownership shares of a specific company or in the form of mutual funds. All assets have daily pricing.

Fixed income – include investments in domestic fixed income positions and is held in the investment portfolio through either individual bond holdings (treasuries, corporate, government, mortgage, etc.) or through fixed income mutual funds. All assets have daily pricing.

Real estate funds – includes investments in publicly traded REITs. All assets have daily pricing.

WEV recognizes transfers between the levels in the fair value hierarchy at the end of the reporting period. There were no transfers between the levels during the year ended December 31, 2020.

The following table presents assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level in which the fair value measurements fall at December 31, 2020:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 36,794	\$ -	\$ -	\$ 36,794
Equities - domestic	1,428,453	-	-	1,428,453
Equities - international	632,092	-	-	632,092
Fixed income	463,141	-	-	463,141
Fixed income – certificate of deposit	-	309,738	-	306,738
Liquid real assets	<u>178,076</u>	<u>-</u>	<u>-</u>	<u>178,076</u>
Total assets measured at fair value	<u>\$ 2,738,556</u>	<u>\$ 309,738</u>	<u>\$ -</u>	<u>\$ 3,048,294</u>

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 – ENDOWMENT FUNDS

WEV's endowment funds consist of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

The Board of Directors of WEV has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve the value of the original gift, as of the gift date. As a result of this interpretation, the Organization has classified, with the explicit designation directive by the donor, as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by WEV in a manner consistent with the standard for prudence prescribed by UPMIFA.

In accordance with California UPMIFA, WEV considers the following factors in making a determination to appropriate or invest donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of WEV and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the WEV
- (7) The investment policies of WEV

Endowment Investment and Spending Policies

WEV has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of revenues for operation activities and to preserve the purchasing power of the endowment assets. Under these policies, endowment assets are invested to produce results that are appropriate for a moderate level of investment risk.

WEV relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves a diversified asset allocation that provides a balance between equity and debt investments.

WEV's spending policy is to exercise a standard of prudence in appropriating all or a portion of investment income and investment gains for current operations.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 6 – ENDOWMENT FUNDS (continued)

Endowment net assets by type of fund consists of the following as of December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Investment Appreciation</u>	<u>Held in Perpetuity</u>	
Donor restricted funds	\$ -	\$ 187,263	\$ 340,304	\$ 527,567
Board designated funds	<u>2,524,795</u>	<u>-</u>	<u>-</u>	<u>2,524,795</u>
Total	<u>\$ 2,524,795</u>	<u>\$ 187,263</u>	<u>\$ 340,304</u>	<u>\$ 3,052,362</u>

Change in endowment net assets for the year ended December 31, 2020:

Endowment net assets, beginning of year	\$ 2,230,617	\$ 122,770	\$ 300,304	\$ 2,653,691
Investment return:				
Interest and dividend income	50,534	10,342	-	60,876
Realized and unrealized gains	264,635	58,822	-	323,457
Investment management fees	<u>(20,991)</u>	<u>(4,671)</u>	<u>-</u>	<u>(25,662)</u>
Total investment return	<u>294,178</u>	<u>64,493</u>	<u>-</u>	<u>358,671</u>
Donations	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Endowment net assets, end of year	<u>\$ 2,524,795</u>	<u>\$ 187,263</u>	<u>\$ 340,304</u>	<u>\$ 3,052,362</u>

From time to time, the fair value associated with donor-restricted endowment funds may fall below the level required to be maintained by the donor or by law (underwater endowments). There were no deficiencies of this nature as of December 31, 2020.

NOTE 7: PROPERTY AND EQUIPMENT

WEV's investment in property and equipment at December 31, 2020, was as follows:

Furniture and equipment	\$ 25,137
Leasehold improvements	<u>7,263</u>
Gross Property and Equipment	32,400
Less: Accumulated depreciation	<u>(32,400)</u>
Net Property and Equipment	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2020, was \$1,334.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8: LOANS

The composition of loans as of December 31, 2020, is as follows:

Business loans	\$ 1,340,486
Allowance for loan losses	<u>(91,224)</u>
	<u>\$ 1,249,262</u>

NOTE 9: ALLOWANCE FOR LOAN LOSSES

The summary of the activity in the allowance for loan losses during 2020 is as follows:

Balance, beginning of year	\$ 130,775
Provision for loan losses	30,717
Loans charged-off	<u>(70,268)</u>
Balance, end of year	<u>\$ 91,224</u>

The following shows loans and loan losses as of December 31, 2020 by impairment method:

Loans	
Individually evaluated for impairment	\$ 56,007
Collectively evaluated for impairment	<u>1,284,479</u>
Total	<u>\$ 1,340,486</u>
Allowance for loan losses	
Individually evaluated for impairment	\$ 56,007
Collectively evaluated for impairment	<u>35,217</u>
Total	<u>\$ 91,224</u>

The following shows the loan portfolio based on management's credit quality rating as of December 31, 2020:

	<u>Performing</u>	<u>Nonperforming</u>	<u>Total</u>
Business loans secured by:			
Real property	\$ 272,624	\$ -	\$ 272,624
Personal property	1,020,530	46,070	1,066,600
Unsecured	<u>1,262</u>	<u>-</u>	<u>1,262</u>
Total	<u>\$ 1,294,416</u>	<u>\$ 46,070</u>	<u>\$ 1,340,486</u>

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9: ALLOWANCE FOR LOAN LOSSES (continued)

The following shows an analysis of past due loans as of December 31, 2020:

<u>Description</u>	<u>Current</u>	<u>30-89 Days Past Due</u>	<u>Over 90 Days Past Due</u>	<u>Total</u>
Real property	\$ 272,624	\$ -	\$ -	\$ 272,624
Personal property	1,020,530	-	46,070	1,066,600
Unsecured	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>1,262</u>
Total assets	<u>\$ 1,294,416</u>	<u>\$ -</u>	<u>\$ 46,070</u>	<u>\$ 1,340,486</u>

The following shows information related to impaired loans as of December 31, 2020:

<u>Description</u>	<u>Unpaid Principal</u>	<u>Related Allowance</u>	<u>Average Balance</u>	<u>Interest Income Recorded</u>
Business loans secured by:				
Personal property	\$ 54,536	\$ 51,532	\$ 92,411	\$ 6,079
Unsecured	<u>8,950</u>	<u>4,475</u>	<u>28,246</u>	<u>756</u>
Total	<u>\$ 63,486</u>	<u>\$ 56,007</u>	<u>\$ 120,657</u>	<u>\$ 6,835</u>

The recorded investment in the impaired loans is the same amount as the unpaid principal.

WEV does not accrue interest on delinquent loans. Delinquent loan payments are first applied to unpaid interest then to principal.

NOTE 10: ADVANCES RECEIVED FOR LENDING PURPOSES

These advances are to fund loans made by the Small Business Loan Fund. The advances bear no interest, and WEV retains the income generated from the loans. In the event of default, the related advance will be reduced by the amount written off.

NOTE 11: LINE OF CREDIT

WEV has a line of credit with a bank in the amount of \$250,000. The interest rate is variable with a floor rate of 2.5% and a ceiling of 17%. The rate was 2.50% as of December 31, 2020, and no amounts were drawn on the line as of that date. The line expires in April 2024 and is secured by cash and investments managed by the bank.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 12: SUBORDINATED LOAN PAYABLE

In April 2019, WEV received funding in the amount of \$500,000 from a regional bank to make small business loans, provide employment training, and to refinance an existing loan in the amount of \$250,000. The loan bears interest at 2% per annum and effective as of the 12th anniversary date, the loan shall require eight quarterly principal payments of \$62,500. The loan is subordinated to other creditors except for other subordinated loans, with which it will be on par.

NOTE 13: LOAN PAYABLE TO THE SMALL BUSINESS ADMINISTRATION

The proceeds of this loan in the amount of \$250,000 are to provide microloans to small businesses. The loan is payable in April 2029, with interest at 2.5% and secured by loans held in the Microloan Revolving Fund and funds held in the Loan Loss Reserve Fund as defined in an agreement related to the loan. Interest will be reduced by 2% for the first year of the loan. For the next year, if the average size of microloans made exceeds \$10,000, the rate will be at 1.25%, otherwise shall remain at .5%. For years thereafter, the interest rate will be recalculated annually.

Payments on the note based on a 2% buy down will be \$2,841 effective 12 months after the date of the note of April 2019.

NOTE 14: NON-INTEREST BEARING DEPOSITS

WEV has received deposits from three regional banks totaling \$650,000. The deposits were made through the California Organized Investment Network and WEV's certification as a Community Development Financial Institution allows for the receipt of these funds.

The participating banks receive tax credits from the State of California in the amount of 20% of the funds advanced. The proceeds are to benefit low and middle income households. If the deposit is called before a 60 month period, the lender will be subject to a recapture of any credit previously taken. The deposits are unsecured.

Maturities on the above obligations are as follows:

<u>Description</u>	<u>SBA Loan</u>	<u>Subordinated Loan</u>	<u>Non-interest bearing deposits</u>	<u>Total</u>
2021	\$ 29,808	\$ -	\$ 200,000	\$ 229,808
2022	30,409	-	-	30,409
2023	31,023	-	-	31,023
2024	31,650	-	-	31,650
2025	31,663	250,000	-	281,663
Thereafter	77,736	500,000	-	577,736
Total	<u>\$ 232,289</u>	<u>\$ 750,000</u>	<u>\$ 200,000</u>	<u>\$ 1,182,289</u>

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 15: NET ASSETS

Net Assets Without Donor Restrictions

As of December 31, 2020, net assets without donor restrictions consist of the following:

Operating net assets	\$ 681,175
Board designated for operating reserves	175,000
Board designated for endowment	<u>2,524,795</u>
Total Net Assets Without Donor Restrictions	<u>\$ 3,380,970</u>

Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions consist of the following:

For lending	\$ 330,952
For loan loss reserve	35,064
For programs	210,513
Held in perpetuity	340,304
Subject to appropriation and spending policy	187,262
Subject to passage of time	<u>174,530</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,278,625</u>

Income from net assets held in perpetuity is expendable to support scholarships and general operations.

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors. When a donor restricts a contribution to the construction of a specific long-lived asset, the donor's restriction is fulfilled in the period in which that long-lived asset is constructed or placed in service. For the year ended December 31, 2020, net assets released from restrictions was \$987,571.

NOTE 16: BENEFIT PLAN

WEV has a SIMPLE IRA plan covering eligible employees. Enrollment in the plan takes place on January 1st of each year. Employees are eligible to participate if they earned at least \$5,000 during the prior calendar year and are expected to earn at least that in the subsequent year. WEV matches employee contributions up to 3%. Plan expense incurred during 2020 was \$47,124.

NOTE 17: OPERATING LEASE

WEV leases office space at 290 Maple Court, Suite 268 which expires September 30, 2022. WEV also leases office space at 333 South Salinas Street on a month to month basis. Rent expense totaled \$45,013 and \$18,776, respectively for the locations for the year ended December 31, 2020.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 17: OPERATING LEASE (continued)

WEV also leases office equipment, which expires April 30, 2024. Rent expense totaled \$3,507.

The following is a schedule of future minimum rental payments required under the above leases in effect as of December 31, 2020.

2021	\$ 49,581
2022	38,832
2023	3,507
2024	<u>1,169</u>
Total minimum payments required	<u>\$ 93,089</u>

NOTE 18: CONCENTRATIONS OF CREDIT RISK

WEV maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000, per institution. As of December 31, 2020, WEV had approximately \$1,013,000 of uninsured cash balances.

WEV also has loans receivable which are generally secured and are subject to ongoing credit evaluations. Most of WEV's lending activity is within Santa Barbara and Ventura Counties. The ability of borrowers to honor their contracts is dependent upon the general economic conditions of the area.

NOTE 19: LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

WEV may experience budgetary short-falls due to the unpredictability and timing of the receipt of grants and donations. To manage liquidity, WEV maintains an operating reserve of \$175,000 and a line of credit in the amount of \$250,000. In addition, WEV has \$2,524,795 functioning as endowment, which is available for general expenditures with Board approval.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 19: LIQUIDITY (continued)

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020:

Financial assets:	
Cash and cash equivalents available within one year	\$ 832,721
Contracts, grants and pledges receivable	313,573
Other current assets	39,909
Investments	<u>187,262</u>
Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020	<u>\$ 1,373,465</u>

Note 20: UNCERTAINTY

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of June 29, 2021, WEV's operations remain open, subject to regulated and reduced hours.

WEV cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact WEV's financial position, changes in net assets and cash flows in 2021 and the future.

Note 21: SBA LOAN UNDER PAYCHECK PROTECTION PROGRAM

On April 18, 2020, WEV received loan funding of \$160,467 under the Paycheck Protection Program (PPP) as allowed under the CARES Tax Act, related to the 2020 COVID-19 pandemic. The loan allows for the loan proceeds to be used on allowable costs for WEV.

The loan will be fully forgiven if the funds are used for payroll costs, rent and utilities and at least 60% of the forgiven amount must be used for payroll. Loan payments will also be deferred for six months. No collateral or personal guarantees were required.

WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 21: SBA LOAN UNDER PAYCHECK PROTECTION PROGRAM (continued)

Forgiveness will be based on maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan has a maturity of five years and an interest rate of 1%. WEV intends to comply with all regulations to allow for the loan to be fully forgiven. The loan funding of \$160,467 has been recorded as revenue for the year ended December 31, 2020.

The PPP Loan Forgiveness application was submitted on November 30, 2020. The loan was forgiven by the SBA on January 21, 2021.

SUPPLEMENTARY INFORMATION

Women's Economic Ventures

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Pass Through Grantor's Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Small Business Administration (SBA)				
Direct Award:				
Women's Business Ownership Assistance (WBOA) - Core Grant, 01/01/20 - 09/20/2	59.043	SBAHQ-17-W-0005	\$ 103,685	-
Women's Business Ownership Assistance (WBOA) - Core Grant, 09/30/20 - 12/31/2	59.043	SBAHQ-20-W-0017	30,356	-
Women's Business Ownership Assistance (WBOA) - CARES Act	59.043	SBAHQ-20-C-0165	61,195	-
PRIME Technical Assistance	59.050	SBAHQ-19-PR-0027	126,823	-
Microloan Program	59.046	SBAHQ-20-Y-0003	29,519	-
Total U.S. Small Business Administration			<u>351,578</u>	<u>-</u>
U.S. Department of the Treasury				
Direct Award:				
Community Development Financial Institutions (CDFI)	21.020	191FA051212	477,010	-
Total U.S. Department of the Treasury			<u>477,010</u>	<u>-</u>
Total Direct Awards			<u>828,588</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through the City of Santa Barbara				
Community Development Block Grant (CDBG) 01/01/20 - 06/30/20	14.218	N/A	23,610	-
Community Development Block Grant (CDBG) 07/01/20 - 12/31/20	14.218	N/A	23,909	-
Passed through the County of Santa Barbara				
Community Development Block Grant (CDBG) 01/01/20 - 06/30/20	14.218	B-19-UC-06-0509	44,479	-
Community Development Block Grant (CDBG) 07/01/20 - 12/31/20	14.218	B-20-UC-06-0509	32,643	-
Passed through the City of San Buenaventura				
Community Development Block Grant (CDBG) 01/01/20 - 06/30/20	14.218	N/A	25,890	-
Community Development Block Grant (CDBG) 07/01/20 - 12/31/20	14.218	N/A	24,215	-
Passed through the County of Ventura				
Community Development Block Grant (CDBG) 01/01/20 - 06/30/20	14.218	B-19-UC-06-0507	19,873	-
Community Development Block Grant (CDBG) 07/01/20 - 12/31/20	14.218	B-20-UC-06-0507	20,217	-
Total U.S. Department of Housing and Urban Development			<u>214,836</u>	<u>-</u>
Total Pass Through Awards			<u>214,836</u>	<u>-</u>
Total Federal Awards			<u>\$ 1,043,424</u>	<u>\$ -</u>

WOMEN'S ECONOMIC VENTURES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS December 31, 2020

Note 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of the Agency, under programs of the federal government for the year ended December 31, 2020, in accordance with the requirements of Title 2 U. S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. Unless instructed otherwise, the Agency has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122 Cost Principles for Non Profit Organizations, or the cost principles contained in Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

OTHER AUDITOR'S REPORTS



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards

Board of Directors
Women's Economic Ventures

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Women's Economic Ventures (WEV), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June X, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WEV's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WEV's internal control. Accordingly, we do not express an opinion on the effectiveness of WEV's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WEV's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, reading "McGowan Guntermann".

Santa Barbara, California
June 29, 2021



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

111 E. Victoria Street 2nd Floor, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

Independent Auditor’s Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

Board of Directors
Women's Economic Ventures

Report on Compliance for Each Major Federal Program

We have audited the Women's Economic Ventures (WEV) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WEV’s major federal programs for the year ended December 31, 2020. WEV’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of WEV’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WEV’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of WEV’s compliance.

Opinion on Compliance for Each Major Federal Program

In our opinion, WEV complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of WEV is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WEV's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WEV's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Santa Barbara, California
June 29, 2021

WOMEN'S ECONOMIC VENTURES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2020

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **None reported**

No instances of noncompliance material to financial statements were disclosed by the audit.

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **None reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? **No**

Identification of major programs:

CFDA Number	Program Name	Expenditures
21.020	Community Development Financial Institutions Program	\$477,010

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **No**

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

WOMEN'S ECONOMIC VENTURES
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section III—Federal Award Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2019.