

**WOMEN'S ECONOMIC VENTURES**  
**FINANCIAL STATEMENT**  
**DECEMBER 31, 2021**

# WOMEN'S ECONOMIC VENTURES

DECEMBER 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Women's Economic Ventures (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 present fairly, in all material respects, the financial position of Women's Economic Ventures as of December 31, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Women's Economic Ventures 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Women's Economic Ventures' 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 and *Government 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 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 procedure 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 Women's Economic Ventures' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Women's Economic Ventures' 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal 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 schedule of expenditures of federal awards 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 August 3, 2022, on our consideration of Women's Economic Ventures' 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 solely 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 the effectiveness of Women's Economic Ventures' internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women's Economic Ventures' internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Women's Economic Ventures' December 31, 2020, financial statements, and we expressed an unmodified audit opinion on those statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California  
August 3, 2022

## WOMEN'S ECONOMIC VENTURES

### STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Comparative Totals for December 31, 2020)

#### ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2021	(Memo) Total 2020
Cash and equivalents	\$ 205,096	\$ 144,123	\$ 349,219	\$ 832,721
Cash and equivalents for lending	850,817	353,493	1,204,310	1,119,455
Contracts and grants receivable	436,167	-	436,167	184,045
Pledges receivable (Note 3)	-	335,918	335,918	174,530
Loans receivable, net	1,195,121	-	1,195,121	1,249,262
Interest receivable	4,670	-	4,670	6,330
Investments (Note 4)	2,731,448	586,554	3,318,002	3,048,294
Furniture, equipment, and improvements, net (Note 7)	28,020	-	28,020	-
Prepaid expenses	42,973	-	42,973	32,314
Deposits	9,598	-	9,598	1,265
<b>TOTAL ASSETS</b>	<b><u>\$ 5,503,910</u></b>	<b><u>\$ 1,420,088</u></b>	<b><u>\$ 6,923,998</u></b>	<b><u>\$ 6,648,216</u></b>

#### LIABILITIES AND NET ASSETS

##### LIABILITIES:

Accounts payable and accrued expenses	\$ 444,689	\$ -	\$ 444,689	\$ 374,645
Deferred revenue	138,623	-	138,623	113,805
Advances received for lending purposes	512,311	-	512,311	312,311
Deferred loan fees	5,928	-	5,928	5,571
Loan payable to the Small Business Administration	205,655	-	205,655	232,289
Subordinated loan payable	750,000	-	750,000	750,000
Line of credit	202,000	-	202,000	-
Non-interest bearing deposits	-	-	-	200,000
<b>TOTAL LIABILITIES</b>	<b><u>2,259,206</u></b>	<b><u>-</u></b>	<b><u>2,259,206</u></b>	<b><u>1,988,621</u></b>
<b>NET ASSETS (Note 15)</b>	<b><u>3,244,704</u></b>	<b><u>1,420,088</u></b>	<b><u>4,664,792</u></b>	<b><u>4,659,595</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,503,910</u></b>	<b><u>\$ 1,420,088</u></b>	<b><u>\$ 6,923,998</u></b>	<b><u>\$ 6,648,216</u></b>

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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	(Memo) Total 2020
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>				
Individual contributions	\$ 128,725	\$ 130,590	\$ 259,315	\$ 279,320
Corporate contributions	429,148	237,351	666,499	657,089
Education program fees	108,065	-	108,065	81,434
Government support for operations	1,323,581	-	1,323,581	1,340,217
Foundation grants	138,308	72,192	210,500	511,900
Bequests	152,250	-	152,250	150,000
Interest income from lending	81,168	-	81,168	94,657
Fees earned from lending	6,880	-	6,880	5,811
Investment return, net of fees (Note 4)	317,089	58,988	376,077	358,671
Other income	12,382	-	12,382	5,260
Net assets released from restrictions	<u>357,658</u>	<u>(357,658)</u>	<u>-</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>3,055,254</u>	<u>141,463</u>	<u>3,196,717</u>	<u>3,484,359</u>
<b>EXPENSES</b>				
Program services	2,543,359	-	2,543,359	2,162,346
Management and general	344,002	-	344,002	559,712
Development and fundraising	<u>304,159</u>	<u>-</u>	<u>304,159</u>	<u>302,218</u>
Total Expenses	<u>3,191,520</u>	<u>-</u>	<u>3,191,520</u>	<u>3,024,276</u>
<b>CHANGE IN NET ASSETS</b>	<b>(136,266)</b>	<b>141,463</b>	<b>5,197</b>	<b>460,083</b>
NET ASSETS, BEGINNING OF YEAR	<u>3,380,970</u>	<u>1,278,625</u>	<u>4,659,595</u>	<u>4,199,512</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 3,244,704</u></b>	<b><u>\$ 1,420,088</u></b>	<b><u>\$ 4,664,792</u></b>	<b><u>\$ 4,659,595</u></b>

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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Program Services	Management and General	Fundraising	Total 2021	(Memo) Total 2020
Salaries and benefits	\$ 2,034,993	\$ 193,547	\$ 200,792	\$ 2,429,332	\$ 2,515,297
Grants and awards	16,000	-	-	16,000	-
Supplies and services	309,849	44,572	94,346	448,767	177,860
Professional Fees	1,600	86,629	-	88,229	163,255
Occupancy	131,307	7,628	7,284	146,219	91,018
Insurance	9,705	40,985	858	51,548	26,251
Training, conferences, and meetings	7,359	856	723	8,938	3,779
Interest	-	658	-	658	-
Depreciation	2,803	156	156	3,115	1,334
Interest cost of funds (SBLF)	22,575	-	-	22,575	15,965
Provision for loan losses (SBLF)	(15,761)	-	-	(15,761)	30,716
Legal (SBLF)	2,494	-	-	2,494	5,900
Other operating expenses (SBLF)	20,435	-	-	20,435	18,563
	<u>2,543,359</u>	<u>375,031</u>	<u>304,159</u>	<u>3,222,549</u>	<u>3,049,938</u>
Less advisory fees netted from investment return	<u>-</u>	<u>(31,029)</u>	<u>-</u>	<u>(31,029)</u>	<u>(25,662)</u>
 Total Expenses	 <u>\$ 2,543,359</u>	 <u>\$ 344,002</u>	 <u>\$ 304,159</u>	 <u>\$ 3,191,520</u>	
(Memo) Total 2020	 <u>\$ 2,162,346</u>	 <u>\$ 559,712</u>	 <u>\$ 302,218</u>		 <u>\$ 3,024,276</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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021	(Memo) 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,197	\$ 460,083
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,113	1,334
Provision for loan losses	(15,761)	30,717
Realized (gain) loss on investments	(247,516)	22,913
Unrealized gain on long-term investments	(63,057)	(346,370)
Decrease (increase) in pledges and contributions receivable	(161,388)	303,577
Increase in contracts and grants receivable	(252,122)	(46,084)
(Increase) decrease in interest receivable	1,660	(2,511)
Increase in prepaid expenses and deposits	(18,992)	(21,900)
Increase in accounts payable and accrued expenses	70,044	258,734
Increase in deferred loan fees	357	1,829
Decrease in advances received for lending purposes	(200,000)	198,616
Decrease in non-interest bearing deposits	200,000	-
Increase in deferred revenue from contracts	24,818	113,805
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(653,647)</b>	<b>974,743</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(31,133)	-
Net change in loans receivable	69,902	(512,773)
Purchase of marketable securities	(985,600)	(778,958)
Sale of marketable securities	1,026,465	708,041
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>79,634</b>	<b>(583,690)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing on line of credit	202,000	-
Payments on loans payable	(26,634)	(17,711)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>175,366</b>	<b>(17,711)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(398,647)</b>	<b>373,342</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,952,176</b>	<b>1,578,834</b>
<b>CASH, END OF YEAR</b>	<b>\$ 1,553,529</b>	<b>\$ 1,952,176</b>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash transactions consisted of the following:

Cash paid for interest	\$ 22,576	\$ 15,965
Subordinated loan refinanced	\$ -	\$ -

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

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

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, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 also consist of those donor-restricted endowments held by the Agency as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for loan losses (continued)

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.

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Advertising

Advertising costs are expenses as incurred. Advertising costs for the year ended December 31, 2021 were \$33,416.

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

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, 2021, 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 2018 and 2017, respectively.

Subsequent Events

WEV has evaluated subsequent events through August 3, 2022, 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, 2020, from which the summarized information was derived.

Reclassification

Certain reclassifications have been made to the December 31, 2020, financial statements to conform to the presentation used in the December 31, 2021, financial statements.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

**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:

2022	\$	225,513
2023		99,479
2024		24,100
2025		9,500
2026		1,833
Thereafter		<u>3,000</u>
		363,425
Less unamortized discount		(8,664)
Less reserve for uncollectible pledges		<u>(18,843)</u>
		<u>\$ 335,918</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, 2021, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and cash equivalents	\$ 102,005	\$ 102,005	\$ -
Equities	1,629,321	2,181,685	552,364
Fixed income	865,061	868,273	3,212
Liquid real assets	<u>125,000</u>	<u>166,039</u>	<u>41,039</u>
Total	<u>\$ 2,721,387</u>	<u>\$ 3,318,002</u>	<u>\$ 596,615</u>

The following summarizes the investment return included as unrestricted revenue in the statement of activities for the year ended December 31, 2021:

Investment and dividend income	\$	96,532
Realized gain on value of securities		247,517
Unrealized gain on value of securities		63,057
Investment fees		<u>( 31,029)</u>
Net Investment Income		<u>\$ 376,077</u>



**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

**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.

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 5: FAIR VALUE MEASUREMENT (continued)

*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, 2021.

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, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 102,005	\$ -	\$ -	\$ 102,005
Equities - domestic	1,754,573	-	-	1,754,573
Equities - international	427,112	-	-	427,112
Fixed income - domestic	558,984	-	-	558,984
Fixed income - international	105,891	-	-	105,891
Fixed income – certificate of deposit	-	203,398	-	203,398
Liquid real assets	<u>166,039</u>	<u>-</u>	<u>-</u>	<u>166,039</u>
Total assets measured at fair value	<u>\$ 3,114,604</u>	<u>\$ 203,398</u>	<u>\$ -</u>	<u>\$ 3,318,002</u>

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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

Note 6 – ENDOWMENT FUNDS (continued)

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, 2021

Note 6 – ENDOWMENT FUNDS (continued)

Endowment net assets by type of fund consists of the following as of December 31, 2021:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Investment</u> <u>Appreciation</u>	<u>Held in</u> <u>Perpetuity</u>	
Donor restricted funds	\$ -	\$ 246,251	\$ 340,304	\$ 586,555
Board designated funds	<u>2,731,237</u>	<u>-</u>	<u>-</u>	<u>2,731,237</u>
Total	<u>\$ 2,731,237</u>	<u>\$ 246,251</u>	<u>\$ 340,304</u>	<u>\$ 3,317,792</u>

Change in endowment net assets for the year ended December 31, 2021:

Endowment net assets, beginning of year	\$ 2,524,795	\$ 187,263	\$ 340,304	\$ 3,052,362
Investment return:				
Interest and dividend income	75,255	14,863	-	90,118
Realized and unrealized gains	261,319	49,022	-	310,341
Investment management fees	<u>(26,132)</u>	<u>(4,897)</u>	<u>-</u>	<u>(31,029)</u>
Total investment return	<u>310,442</u>	<u>58,988</u>	<u>-</u>	<u>369,430</u>
Donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Withdrawals	<u>(104,000)</u>	<u>-</u>	<u>-</u>	<u>(104,000)</u>
Endowment net assets, end of year	<u>\$ 2,731,237</u>	<u>\$ 246,251</u>	<u>\$ 340,304</u>	<u>\$ 3,317,792</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, 2021.

NOTE 7: PROPERTY AND EQUIPMENT

WEV's investment in property and equipment at December 31, 2021, was as follows:

Furniture and equipment	\$ 23,456
Leasehold improvements	<u>10,873</u>
Gross Property and Equipment	34,329
Less: Accumulated depreciation	<u>(6,309)</u>
Net Property and Equipment	<u>\$ 28,020</u>

Depreciation expense for the year ended December 31, 2021, was \$3,113.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 8: LOANS

The composition of loans as of December 31, 2021, is as follows:

Business loans	\$ 1,228,138
Allowance for loan losses	<u>(33,017)</u>
	<u>\$ 1,195,121</u>

NOTE 9: ALLOWANCE FOR LOAN LOSSES

The summary of the activity in the allowance for loan losses during 2021 is as follows:

Balance, beginning of year	\$ 91,224
Provision for loan losses	(15,761)
Loans charged-off	<u>(42,446)</u>
Balance, end of year	<u>\$ 33,017</u>

The following shows loans and loan losses as of December 31, 2021 by impairment method:

Loans	
Individually evaluated for impairment	\$ 2,699
Collectively evaluated for impairment	<u>1,225,439</u>
Total	<u>\$ 1,228,138</u>
Allowance for loan losses	
Individually evaluated for impairment	\$ 2,699
Collectively evaluated for impairment	<u>30,318</u>
Total	<u>\$ 33,017</u>

The following shows the loan portfolio based on management's credit quality rating as of December 31, 2021:

	<u>Performing</u>	<u>Nonperforming</u>	<u>Total</u>
Business loans secured by:			
Real property	\$ 241,212	\$ -	\$ 241,212
Personal property	919,219	-	919,219
Unsecured	<u>67,707</u>	-	<u>67,707</u>
Total	<u>\$ 1,228,138</u>	<u>\$ -</u>	<u>\$ 1,228,138</u>

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 9: ALLOWANCE FOR LOAN LOSSES (continued)

The following shows an analysis of past due loans as of December 31, 2021:

<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	\$ 241,212	\$ -	\$ -	\$ 241,212
Personal property	919,219	-	-	919,219
Unsecured	<u>67,707</u>	<u>-</u>	<u>-</u>	<u>67,707</u>
Total assets	<u>\$ 1,228,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228,138</u>

The following shows information related to impaired loans as of December 31, 2021:

<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	\$ 3,090	\$ 773	\$ 28,813	\$ (327)
Unsecured	<u>7,705</u>	<u>1,926</u>	<u>8,328</u>	<u>-</u>
Total	<u>\$ 10,795</u>	<u>\$ 2,699</u>	<u>\$ 37,141</u>	<u>\$ (327)</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, 2021, and \$202,000 was 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, 2021

**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 12<sup>th</sup> 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.

In May 2020, WEV refinanced an exiting COIN Investment to Subordinated Loan Payable. The loan has an interest rate of 2.5% per annum, and maturity was extended to May 15, 2025.

**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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 14: NON-INTEREST BEARING DEPOSITS (continued)

Maturities on the above obligations are as follows:

<u>Description</u>	<u>SBA Loan</u>	<u>Subordinated Loan</u>	<u>Fixed-Rate Loan</u>	<u>Total</u>
2022	\$ 30,409	\$ -	\$ -	\$ 230,409
2023	31,023	-	-	31,023
2024	31,650	-	-	31,650
2025	31,663	250,000	200,000	281,663
2026	31,663	-	-	31,663
Thereafter	49,247	500,000	-	549,247
Total	<u>\$ 205,655</u>	<u>\$ 750,000</u>	<u>\$ 200,000</u>	<u>\$ 1,155,655</u>

NOTE 15: NET ASSETS

Net Assets Without Donor Restrictions

As of December 31, 2021, net assets without donor restrictions consist of the following:

Operating net assets	\$ 338,468
Board designated for operating reserves	175,000
Board designated for endowment	2,731,237
Total Net Assets Without Donor Restrictions	<u>\$ 3,244,705</u>

Net Assets With Donor Restrictions

As of December 31, 2021, net assets with donor restrictions consist of the following:

For lending	\$ 353,493
For loan loss reserve	5,934
For programs	138,189
Held in perpetuity	340,304
Subject to appropriation and spending policy	246,250
Subject to passage of time	335,918
Total Net Assets With Donor Restrictions	<u>\$ 1,420,088</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, 2021, net assets released from restrictions was \$357,658.



**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 16: BENEFIT PLAN

WEV has a SIMPLE IRA plan covering eligible employees. Enrollment in the plan takes place on January 1<sup>st</sup> 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 2021 was \$44,516.

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 21 East Canon Perdido Street, Suite 301 which expires July 31, 2026. Rent expense totaled \$46,074 and \$41,667, respectively for the locations for the year ended December 31, 2021.

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, 2021.

2022	\$ 140,082
2023	107,795
2024	113,138
2025	126,392
2026	<u>78,786</u>
Total minimum payments required	<u>\$ 566,193</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, 2021, WEV had approximately \$785,000 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.

**WOMEN'S ECONOMIC VENTURES**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 19: LIQUIDITY (continued)

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 \$2,731,237 functioning as endowment, which is available for general expenditures with Board approval.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021:

Financial assets:	
Cash and cash equivalents available within one year	\$ 349,219
Contracts, grants and pledges receivable	656,680
Other current assets	57,241
Investments	<u>246,251</u>
Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021	<u>\$ 1,309,391</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.

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 2022 and the future.

Note 21: SUBSEQUENT EVENETS

Subsequent to year end, WEV opened a line of credit with a bank in the amount of \$500,000. The interest rate is variable, with a floor rate of 2.5% and a ceiling of 17%. The line expires in January 2027, and is secured by cash and investments managed by the bank. In May 2022, this line was refinanced again to a \$1,000,000 line of credit which expires in May 2027.

## SUPPLEMENTARY INFORMATION

**Women's Economic Ventures**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass Through Grantor	Federal CFDA Number	Pass Through Grantor's Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Small Business Administration (SBA)</u>				
Direct Award:				
Women's Business Ownership Assistance (WBOA) - Core Grant, 01/01/21 - 09/29/21	59.043	SBAHQ-20-W-0017	\$ 119,644	-
Women's Business Ownership Assistance (WBOA) - Core Grant, 09/30/21 - 12/31/21	59.043	SBAHQ-20-W-0017	37,664	-
Women's Business Ownership Assistance (WBOA) - CARES Act, 01/01/21 - 12/31/21	59.043	SBAHQ-20-C-0165	358,805	-
Women's Business Ownership Assistance (WBOA) - RRD, 09/01/21 - 12/31/21	59.043	SBAOEDWB210014-01-00	48,835	-
Total U.S. Small Business Administration			564,948	-
<u>U.S. Department of the Treasury</u>				
Direct Award:				
Community Development Financial Institutions (CDFI) 06/15/21 - 12/31/21	21.024	21RRP056336	161,377	-
Total U.S. Department of the Treasury			161,377	-
Total Direct Awards			726,325	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the City of Santa Barbara				
Community Development Block Grant (CDBG) 01/01/21 - 06/30/21	14.218	26,713	16,091	-
Passed through the County of Santa Barbara				
Community Development Block Grant (CDBG) 01/01/21 - 06/30/21	14.218	B-20-UC-06-0509	42,357	-
Passed through the City of San Buenaventura				
Community Development Block Grant (CDBG) 01/01/21 - 06/30/21	14.218	P2020-052; PO # 100007254	25,785	-
Passed through the County of Ventura				
Community Development Block Grant (CDBG) 01/01/21 - 06/30/21	14.218	CD20217101	19,783	-
Total U.S. Department of Housing and Urban Development			104,016	-
Total Pass Through Awards			104,016	-
Total Federal Awards			<u>\$ 830,341</u>	<u>\$ -</u>

## WOMEN'S ECONOMIC VENTURES

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

December 31, 2021

#### 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, 2021, 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

200 E. Carrillo Street, Suite 300, 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, 2021, 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 August 3, 2022.

**Report on 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.

## Report on 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 statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "McGowan Guntermann".

Santa Barbara, California  
August 3, 2022





CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, 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**

***Opinion on Each Major Federal Program***

We have audited Women's Economic Ventures (WEV) compliance with the types of compliance requirements identified as subject to audit 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, 2021. WEV’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WEV and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of WEV’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to WEV’s federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on WEV's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about WEV's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 WEV's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of WEV's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 WEV's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*McGowan Guntermann*

Santa Barbara, California  
August 3, 2022

# WOMEN'S ECONOMIC VENTURES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2021

### 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? **No**

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
59.043	Women's Business Ownership Assistance	\$564,948

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

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

**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, 2020.