

Women's Sports Foundation

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



Women's Sports Foundation

December 31, 2022 and 2021

Contents

Independent Auditor's Report	1
---	----------

Financial Statements

Statements of Financial Position	3
Statement of Activities – Year Ended December 31, 2022	4
Statement of Activities – Year Ended December 31, 2021	5
Statement of Functional Expenses – Year Ended December 31, 2022	6
Statement of Functional Expenses – Year Ended December 31, 2021	7
Statements of Cash Flows	8
Notes to Financial Statements	9

Independent Auditor's Report

Board of Trustees
Women's Sports Foundation
New York, New York

Opinion

We have audited the financial statements of Women's Sports Foundation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Women's Sports Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As described in *Note 1* to the financial statements, in 2022, the entity adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

As discussed in *Note 6* to the financial statements, in 2022, the entity adopted new accounting guidance ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

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 Sports Foundation's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Women's Sports Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Women's Sports Foundation's ability to continue as a going concern for a reasonable period of time.

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

FORVIS,LLP

New York, New York
June 15, 2023

Women's Sports Foundation
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,924,063	\$ 623,214
Investments	2,776,325	3,267,940
Contributions receivable	3,778,817	2,781,223
Prepaid expenses and other assets	104,521	136,413
Right-of-use asset - operating	174,613	-
Right-of-use asset - finance	388,240	-
Property and equipment, net	62,588	179,575
Total assets	\$ 9,209,167	\$ 6,988,365
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 426,931	\$ 480,039
Grants payable	580,000	366,165
Deferred rent	-	25,540
Operating lease liabilities	184,805	-
Finance lease liabilities	408,851	-
Total liabilities	1,600,587	871,744
Net Assets		
Without donor restrictions	1,903,114	1,698,461
With donor restrictions	5,705,466	4,418,160
Total net assets	7,608,580	6,116,621
Total liabilities and net assets	\$ 9,209,167	\$ 6,988,365

Women's Sports Foundation

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Support			
Contributions and grants	\$ 2,990,354	\$ 3,658,136	\$ 6,648,490
Contributed nonfinancial assets	216,250	-	216,250
Special event benefit, net of direct cost of \$1,219,828	1,709,608	-	1,709,608
Net investment return	(217,296)	(103,327)	(320,623)
Speakers fee	31,000	-	31,000
Miscellaneous income	10,198	-	10,198
Net assets released from restrictions	2,267,503	(2,267,503)	-
	7,007,617	1,287,306	8,294,923
Operating Expenses			
Program services			
Community impact	3,255,587	-	3,255,587
Advocacy	1,422,881	-	1,422,881
Research	562,079	-	562,079
	5,240,547	-	5,240,547
Supporting services			
Management and general	615,312	-	615,312
Fundraising	947,105	-	947,105
	1,562,417	-	1,562,417
	6,802,964	-	6,802,964
Change in Net Assets	204,653	1,287,306	1,491,959
Net Assets, Beginning of Year	1,698,461	4,418,160	6,116,621
Net Assets, End of Year	\$ 1,903,114	\$ 5,705,466	\$ 7,608,580

Women's Sports Foundation

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Support			
Contributions and grants	\$ 3,127,513	\$ 1,757,363	\$ 4,884,876
Contributed nonfinancial assets	176,118	-	176,118
Special event benefit, net of direct cost of \$145,885	1,061,864	-	1,061,864
Net investment return	216,982	105,988	322,970
Miscellaneous income	1,895	-	1,895
Net assets released from restrictions	2,565,468	(2,565,468)	-
	7,149,840	(702,117)	6,447,723
Operating Expenses			
Program services			
Community impact	3,582,452	-	3,582,452
Advocacy	887,312	-	887,312
Research	408,450	-	408,450
	4,878,214	-	4,878,214
Supporting services			
Management and general	612,881	-	612,881
Fundraising	831,783	-	831,783
	1,444,664	-	1,444,664
	6,322,878	-	6,322,878
Change in Net Assets Before Nonoperating Expense			
	826,962	(702,117)	124,845
Nonoperating Expense			
Nonoperating grant	(305,096)	-	(305,096)
Change in Net Assets			
	521,866	(702,117)	(180,251)
Net Assets, Beginning of Year			
	1,176,595	5,120,277	6,296,872
Net Assets, End of Year			
	\$ 1,698,461	\$ 4,418,160	\$ 6,116,621

Women's Sports Foundation
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services			Direct Cost of Special Events	Total
	Community Impact	Advocacy	Research	Total	Management and General	Fundraising			
Salaries	\$ 1,206,788	\$ 617,782	\$ 241,455	\$ 2,066,025	\$ 218,767	\$ 302,988	\$ -	\$ 2,587,780	
Payroll taxes and employee benefits	195,249	124,724	60,982	380,955	55,252	76,523	-	512,730	
Occupancy	142,102	51,396	25,129	218,627	22,768	31,534	-	272,929	
Professional fees	264,999	136,301	152,623	553,923	188,846	385,289	-	1,128,058	
Donated services	57,500	98,750	-	156,250	-	60,000	-	216,250	
Production and printing	53,836	37,145	4,656	95,637	4,218	5,842	-	105,697	
Communication and media	30,793	16,575	17,562	64,930	38,892	9,354	-	113,176	
Grant expense	934,885	164,836	-	1,099,721	-	-	-	1,099,721	
Insurance	11,040	7,053	3,448	21,541	3,124	4,327	-	28,992	
Office supplies	5,913	4,075	1,847	11,835	1,673	2,317	-	15,825	
Meeting and conferences	1,676	1,071	523	3,270	474	1,352	-	5,096	
Travel and transportation	225,681	82,938	14,930	323,549	13,527	18,735	-	355,811	
Event productions	-	-	-	-	-	-	1,219,828	1,219,828	
Telephone	3,625	2,316	1,132	7,073	1,026	1,421	-	9,520	
Leased equipment	23,913	15,276	7,469	46,658	6,767	9,372	-	62,797	
Bad debt	-	-	-	-	32,500	-	-	32,500	
Miscellaneous	10,775	7,188	3,209	21,172	2,908	4,027	-	28,107	
Depreciation and amortization	86,812	55,455	27,114	169,381	24,570	34,024	-	227,975	
Total expenses	3,255,587	1,422,881	562,079	5,240,547	615,312	947,105	1,219,828	8,022,792	
Less expenses deducted directly from revenues									
Direct cost of special events	-	-	-	-	-	-	(1,219,828)	(1,219,828)	
Total expenses reported by function on the statement of activities	<u>\$ 3,255,587</u>	<u>\$ 1,422,881</u>	<u>\$ 562,079</u>	<u>\$ 5,240,547</u>	<u>\$ 615,312</u>	<u>\$ 947,105</u>	<u>\$ -</u>	<u>\$ 6,802,964</u>	

Women's Sports Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services			Total
	Community Impact	Advocacy	Research	Total	Management and General	Fundraising	Direct Cost of Special Events	
Salaries	\$ 1,083,827	\$ 422,830	\$ 212,173	\$ 1,718,830	\$ 138,680	\$ 235,977	\$ -	\$ 2,093,487
Payroll taxes and employee benefits	158,373	83,488	53,944	295,805	35,259	59,996	-	391,060
Occupancy	147,117	45,925	29,674	222,716	19,395	33,003	-	275,114
Professional fees	303,772	58,394	54,632	416,798	353,259	438,269	-	1,208,326
Donated services	170,548	1,999	1,291	173,838	844	1,436	-	176,118
Production and printing	26,404	13,300	8,289	47,993	5,418	9,219	-	62,630
Communication and media	21,165	11,724	4,910	37,799	31,070	5,461	-	74,330
Grant expense	1,809,554	180,731	-	1,990,285	-	-	-	1,990,285
Insurance	9,958	5,250	3,392	18,600	2,217	3,773	-	24,590
Office supplies	3,397	1,516	979	5,892	640	1,089	-	7,621
Meetings and conferences	6,487	3,419	2,209	12,115	1,444	2,457	-	16,016
Travel and transportation	49,534	7,220	3,816	60,570	2,494	4,244	-	67,308
Venue rental and event productions	-	-	-	-	-	-	145,885	145,885
Telephone	14,774	7,788	5,032	27,594	3,289	5,597	-	36,480
Bad debt	-	-	-	-	500	-	-	500
Miscellaneous	7,777	4,264	2,610	14,651	1,706	2,902	-	19,259
Depreciation and amortization	74,861	39,464	25,499	139,824	16,666	28,360	-	184,850
Total expenses	3,887,548	887,312	408,450	5,183,310	612,881	831,783	145,885	6,773,859
Less expenses deducted directly from revenues								
Nonoperating grant	(305,096)	-	-	(305,096)	-	-	-	(305,096)
Direct cost of special events	-	-	-	-	-	-	(145,885)	(145,885)
Total expenses reported by function on the statement of activities	\$ 3,582,452	\$ 887,312	\$ 408,450	\$ 4,878,214	\$ 612,881	\$ 831,783	\$ -	\$ 6,322,878

Women's Sports Foundation
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 1,491,959	\$ (180,251)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	227,975	184,850
Noncash operating lease expense	3,753	-
Bad debt expense	32,500	500
Net realized and unrealized loss (gain) on investments	403,404	(230,521)
Changes in		
Contributions receivable	(1,030,094)	77,914
Prepaid expenses and other assets	12,791	(53,726)
Accounts payable and accrued expenses	(53,108)	106,800
Conditional grant	-	(334,989)
Grants payable	213,835	65,266
Deferred rent	-	(12,572)
Net cash provided by (used in) operating activities	1,303,015	(376,729)
Investing Activities		
Purchases of investments	(292,202)	(213,145)
Proceeds from sales of investments	380,413	344,815
Purchase of property and equipment	(37,017)	(1,640)
Net cash provided by investing activities	51,194	130,030
Financing Activities		
Principal payments on finance lease liabilities	(53,360)	-
Net cash used in financing activities	(53,360)	-
Net Change in Cash and Cash Equivalents	1,300,849	(246,699)
Cash and Cash Equivalents, Beginning of Year	623,214	869,913
Cash and Cash Equivalents, End of Year	\$ 1,924,063	\$ 623,214
Supplemental Cash Flows Information		
Cash paid for interest	\$ 8,643	\$ -
Right of use assets obtained in exchange for new finance lease liabilities	461,398	-

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Women's Sports Foundation (the Foundation) exists to enable girls and women to reach their potential in sport and life. The Foundation is an ally, an advocate, and a catalyst. Founded by Billie Jean King in 1974, the Foundation strengthens and expands participation and leadership opportunities through research, advocacy, community programming, and a wide variety of collaborative partnerships. The Foundation has positively shaped the lives of millions of youth, high school, and collegiate student-athletes, elite athletes, and coaches. The Foundation is building a future where every girl and woman can #KeepPlaying and unlock the lifelong benefits of sport participation. All girls. All women. All sports. To learn more about the Foundation, please visit WomensSportsFoundation.org.

Over the past 48 years, the Foundation invested \$100 million into impact efforts. The Foundation is funded primarily by contributions, grants, and special events.

The following is a summary of programs provided by the Foundation:

Community Impact: Create the Change

Engagement and retention of girls in sport is a top priority. This is particularly critical because girls drop out of sport during adolescence at twice the rate of boys. Moreover, in communities where there are multiple barriers to participation (*i.e.*, limited resources, transportation and financial obstacles, cultural and language barriers, among others), girls are far less likely to play. The Foundation provide tools and technical assistance to support coaches, parents, administrators, and community leaders to strengthen recruitment, engagement, and quality of programming for girls.

The centerpiece of our community impact work is the Foundation's Sports 4 Life program with its founding partner espnW that helps increase participation and retention of African American, Hispanic, and Native American girls, ages 11-18, in developmental youth sports programs. To date, the Foundation has awarded more than \$2,000,000 in grants to 203 community-based organizations around the country, touching the lives of over 75,000 girls. In 2021, the Foundation launched We Play Interactive™, a digital resource and community for coaches and program leaders who work with girls (replacing its award-winning curriculum, "GoGirlGo!" that has reached over one million girls). Through We Play Interactive, girls elevate their voices, tap into their power, and discover the joy that comes from physical activity and sport. The Foundation's Travel & Training Fund is a national program that provides accomplished female athletes with funding to reduce financial obstacles and put training and competitive goals within reach. Since 1984, the Foundation awarded over \$2.5 million in grants to more than 1,500 athletes. The Foundation's Athlete Ambassador Program engages elite athletes as role models for the girls served. The ambassadors attend the Foundation's national events or are paired with the Foundation's community partners in their local communities to share inspiring personal stories, offer clinics focused on health, leadership, and responsibility, and provide motivation for girls to see themselves as athletes, regardless of their level of play. The Foundation's Athlete Leadership Connection is designed by athletes for athletes and uses leadership development and career training as a springboard for success off the field of play.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Advocacy: Shape the Future

The Foundation has been serving as the collective voice for girls and women since its inception. Protecting Title IX, promoting gender equity, and empowering others to take action is the cornerstone of the Foundation's work. In partnership with others, the Foundation works throughout the year to advocate at the national, state, and grassroots levels for gender equality, focusing on developmental youth and high school sports as well as collegiate and elite athletics. The Foundation is particularly dedicated to the needs of underserved girls, including girls of color, those with disabilities, members of the LGBTQ+ community, and girls living in low socioeconomic communities with limited resources. The Foundation's advocacy efforts include promoting leadership opportunities for women and addressing gender bias and discrimination in all areas of sport through public policy, coalition building, improved access, opportunity, and public education.

The Foundation advocates for equal access to sports through enforcement of Title IX and other policies shaping legislation and opportunity in schools and communities. At the grassroots level, the Foundation educates the public about policies and tactics to attain gender equity in sports and empower them to take action. At the national level, the Foundation is viewed as the authority on gender equity through sports while ensuring intersectional voices are amplified. The Foundation promotes increased presence and visibility of female role models in women's sports. The National Girls and Women in Sports Day®, powered by the Foundation, for over 35 years celebrates the extraordinary achievements of women in sports every February on Capitol Hill and in all 50 states with more than 400 local grassroots events. Additionally, the Foundation established the Tara VanDerveer Fund for the Advancement of Women in Coaching and the Scott Pioli & Family Fund for Women Football Coaches and Scouts providing mentorship and support for aspiring female coaches.

Research: Understand the Facts

Research serves as a springboard for all of our work. The Foundation has maintained a comprehensive agenda of signature research projects publishing over 50 research reports to date. Our evidence-based public interest research on girls and women in sports and physical activity anchors all of our policy outreach and fuels our initiatives. It fosters public discourse on the vital importance of sport participation to the health and well-being of girls, diversity and inclusiveness in sport, and leadership opportunities for women. Data combined with experiences on the ground help to identify best practices and inform our programming. The Foundation conducts rigorous evaluation to assess impact against clearly defined benchmarks.

Recently conducted research includes: *50 Years of Title IX: We Are Not Done Yet*, which examines Title IX through the lens of intersectionality, explores emerging issues, and looks ahead to what is needed to accelerate the pace of change for the next 50 years; *Beyond X's and O's*, revealing gender disparities within collegiate coaching; *Coaching Through a Gender Lens: Maximizing Girls' Play and Potential*, examining the intersection between girls' development and sport experience with coaching strategies and practice; and *Keeping Girls in the Game: Factors that Influence Sport Participation*, one of the first studies of its kind to systematically examine processes influencing youth entry, retention, and dropout from sports.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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 at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. On December 31, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers.

Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents.

On December 31, 2022, the Foundation's cash accounts exceeded federally insured limits by approximately \$1,660,000.

Investments and Net Investment Return

The Foundation measures securities at fair value.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Items with a cost of \$1,000 or greater and an estimated useful life of one year or greater are capitalized. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Equipment	3–7 years
Furniture and fixtures	7 years
Leasehold improvements	4 1/2 years
Website	3 years

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

Grants Payable

Grants payable are recorded as a liability and related expense when the Board of Trustees approves the grant.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Grants

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Foundation has elected to account for these employee retention credits (ERCs) in accordance with Accounting Standards Codification (ASC) 958-605. The Foundation has determined it qualifies for the tax credit and has claimed ERCs of \$227,542 and \$0, respectively, during the years ended December 31, 2022 and 2021. The ERCs are included in contributions and grants on the statements of activities.

Special Events

The Foundation conducts special events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by the participants at the events. All proceeds received are recorded as special events revenues in the accompanying statements of activities.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

Change in Net Assets from Operations

Change in net assets from operations includes all revenue and expenses except for nonoperating grant.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the direct allocation of the costs incurred for the programs or support services, and allocation of the salaries of each employee based on the amount of their time spent on the programs.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Change in Accounting Principle

In 2022, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Note 2: Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of 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 markets that are not active; 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall on December 31, 2022 and 2021:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Investments				
Equities				
Domestic	\$ 527,494	\$ 527,494	\$ -	\$ -
Fixed income				
Government obligations	728,080	595,795	132,285	-
Corporate bonds	179,395	179,395	-	-
Mutual funds	1,308,326	1,308,326	-	-
Total investments reported in the fair value hierarchy	2,743,295	<u>\$ 2,611,010</u>	<u>\$ 132,285</u>	<u>\$ -</u>
Cash and cash equivalents	<u>33,030</u>			
Total investments	<u>\$ 2,776,325</u>			

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Investments				
Equities				
Domestic	\$ 612,549	\$ 612,549	\$ -	\$ -
Fixed income				
Government obligations	540,660	-	540,660	-
Corporate bonds	246,615	237,525	9,090	-
Mutual funds	1,835,471	1,835,471	-	-
Total investments reported in the fair value hierarchy	3,235,295	<u>\$ 2,685,545</u>	<u>\$ 549,750</u>	<u>\$ -</u>
Cash and cash equivalents	<u>32,645</u>			
Total investments	<u>\$ 3,267,940</u>			

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2022 and 2021.

Investments

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 fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	<u>2022</u>	<u>2021</u>
Due in one year	\$ 2,169,781	\$ 1,924,603
Due in two to five years	<u>1,656,500</u>	<u>866,500</u>
	3,826,281	2,791,103
Less discount to present value	<u>(47,464)</u>	<u>(9,880)</u>
	<u>\$ 3,778,817</u>	<u>\$ 2,781,223</u>

Discount rates ranged from 0.13% to 4.63% for 2022 and 2021.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Note 4: Property and Equipment

	<u>2022</u>	<u>2021</u>
Equipment	\$ 51,043	\$ 51,043
Furniture and fixtures	195,368	157,638
Leasehold improvement	53,811	392,274
Website	426,550	426,550
	726,772	1,027,505
Less accumulated depreciation and amortization	<u>(664,184)</u>	<u>(847,930)</u>
	<u>\$ 62,588</u>	<u>\$ 179,575</u>

Note 5: Conditional Grants

The Foundation received a Paycheck Protection Program (PPP) loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. On May 7, 2020, the Foundation received a grant in the amount of \$334,989. The Foundation received forgiveness of the \$334,989 on January 27, 2021 and the amount was recognized as revenue.

On February 5, 2021, the Foundation received a second grant in the amount of \$337,639 pursuant to the PPP. The Foundation received forgiveness of the \$337,639 on December 22, 2021 and the amount was recognized as revenue.

Note 6: Leases

Changes in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

The Foundation adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Foundation elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification, or initial direct costs for existing or expired leases prior to the effective date. The Foundation has lease agreements with nonlease components that relate to the lease components. The Foundation elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Foundation elected to keep short-term leases with an initial term of 12 months or less off the statements of financial position. The Foundation did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$450,786 and \$457,225, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our statements of activities or cash flows.

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

The Foundation combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office space and equipment.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Nature of Leases

The Foundation has entered into the following lease arrangements:

Finance Leases

This lease mainly consists of equipment. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Foundation has a lease for office space that expires in 2023. This lease requires the Foundation to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which increases 3% each year. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

The Foundation has leases for office equipment that expire in various years from 2024 to 2025. Termination of the leases is generally prohibited unless there is a violation under the lease agreements.

Short-Term Leases

The Foundation leases certain equipment on a short-term basis. The expected lease terms are less than 12 months.

All Leases

The Foundation has no material related-party leases.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2022, the Foundation has entered into a lease for office space that has not yet commenced with future minimum payments of \$540,907. This operating lease will commence in year 2023 with a lease term of three years.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2022 are:

Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$	73,253
Interest on lease liabilities		8,643
Operating lease cost		278,276
Short-term lease cost		12,965
		<hr/>
Total lease cost	\$	<u>373,137</u>

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Other information

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from finance leases	\$ 7,831
Financing cash flows from finance leases	53,360
Operating cash flows from operating leases	274,523

Right-of-use assets obtained in exchange for new finance lease liabilities

461,398

Weighted-average remaining lease term

Finance leases	4.42 years
Operating leases	1.64 years

Weighted-average discount rate

Finance leases	2.39%
Operating leases	0.78%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2022 are as follows:

	Finance Leases	Operating Leases
2023	\$ 84,141	\$ 122,050
2024	91,588	36,696
2025	99,702	27,523
2026	108,542	-
2027	47,805	-
	431,778	186,269
Total future undiscounted lease payments		
Less interest	(22,927)	(1,464)
Lease liabilities	\$ 408,851	\$ 184,805

Prior Year Disclosures Under Topic 840

Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent is recorded for the difference between the fixed payment and the rent expense.

The Foundation entered into a noncancelable lease agreement for their office space in New York City. The lease expires in March 2023.

In addition, the Foundation is obligated under various lease agreements for the use of equipment through 2025.

Total rent expense was \$248,448 for the year ended December 31, 2021.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Future minimum lease payments under operating leases are:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2022	\$ 247,180	\$ 49,022	\$ 296,202
2023	62,709	42,577	105,286
2024	-	12,736	12,736
2025	-	4,284	4,284
	<u>\$ 309,889</u>	<u>\$ 108,619</u>	<u>\$ 418,508</u>

Note 7: Revenue from Contracts with Special Events Attendees

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Foundation.

Revenue for performance obligations satisfied over time is generally recognized over the duration of the related special event.

Transaction Price

The Foundation determines the transaction price based on standard charges for goods and services provided.

For the years ended December 31, 2022 and 2021, the Foundation recognized revenue of \$101,400 and \$30,835, respectively, from goods and services that transfer to the attendee over time.

Note 8: Pension Plan

The Foundation has a defined contribution pension plan covering substantially all employees. The plan is non-contributory by the employees. The Foundation makes discretionary contributions to the plan. Employees are 100% vested into the plan after two years of services. Pension expense was \$87,696 and \$86,732 for 2022 and 2021, respectively.

The Foundation offers its employees a voluntary tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The Foundation does not make contributions to this plan.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Note 9: Contributed Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets consisted of design services and were \$216,250 and \$176,118, respectively. The Foundation estimated the fair value on the basis of estimates of market values that would be paid to the service provider if the foundation purchased these services. The donated services were utilized within the community impact and advocacy programs, as well as fundraising. Contributed nonfinancial assets did not have donor-imposed restrictions.

Note 10: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions on December 31, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Community Impact	\$ 70,424	\$ 416,119
Advocacy	691,887	332,376
Research	249,000	-
Contributions receivable, the proceeds of which have been restricted by donors for:		
Community Impact	600,000	1,940,624
Advocacy	1,009,449	79,948
Research	355,980	-
	2,976,740	2,769,067
Subject to the passage of time		
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until due	1,635,106	446,300
	1,635,106	446,300
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for:		
Community Impact	109,819	194,659
Advocacy	5,389	29,722
	115,208	224,381
Not subject to spending policy or appropriation		
Required to be maintained in perpetuity by donor	978,412	978,412
	978,412	978,412
	\$ 5,705,466	\$ 4,418,160

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 233,300	\$ 100,000
Satisfaction of purpose restrictions		
Community Impact	1,713,364	2,122,120
Advocacy	273,993	269,037
Research	41,000	-
	<u>2,261,657</u>	<u>2,491,157</u>
Restricted purpose spending-rate distributions and appropriations		
Community Impact	-	66,492
Advocacy	5,846	7,819
	<u>5,846</u>	<u>74,311</u>
	<u>\$ 2,267,503</u>	<u>\$ 2,565,468</u>

Note 11: Endowment

The Foundation's governing body is subject to the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

7. Investment policies of the Foundation

The Foundation's endowment consists of approximately 15 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund on December 31, 2022 and 2021 was:

	<u>2022</u>
	<u>With Donor</u>
	<u>Restrictions</u>
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 978,412
Accumulated investment gains	115,208
	<u> </u>
Total	<u>\$ 1,093,620</u>
	<u>2021</u>
	<u>With Donor</u>
	<u>Restrictions</u>
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 978,412
Accumulated investment gains	224,381
	<u> </u>
Total	<u>\$ 1,202,793</u>

Change in endowment net assets for the years ended December 31, 2022 and 2021 was:

	<u>2022</u>
	<u>With Donor</u>
	<u>Restrictions</u>
Endowment net assets, beginning of year	\$ 1,202,793
Investment return, net	(103,327)
Appropriation of endowment assets for expenditures	<u>(5,846)</u>
	<u> </u>
Endowment net assets, end of year	<u>\$ 1,093,620</u>

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

	<u>2021</u>
	<u>With Donor</u>
	<u>Restrictions</u>
Endowment net assets, beginning of year	\$ 1,201,116
Investment return, net	105,988
Change in donor restrictions	(30,000)
Appropriation of endowment assets for expenditures	<u>(74,311)</u>
Endowment net assets, end of year	<u>\$ 1,202,793</u>

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods. The Foundation expects its endowment funds to provide an average rate of return of approximately 5% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior three years through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Foundation has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted NYPMIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law.

On December 31, 2022 and 2021, the Foundation has no underwater funds.

Note 12: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,924,063	\$ 623,214
Investments	2,776,325	3,267,940
Contributions receivable	<u>3,778,817</u>	<u>2,781,223</u>
Total financial assets	8,479,205	6,672,377
Less donor-imposed restrictions	<u>(5,705,466)</u>	<u>(4,418,160)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,773,739</u>	<u>\$ 2,254,217</u>

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. The Foundation has a policy to target a year-end balance of reserves of net assets without donor restrictions to meet 30 to 45 days of expected expenditures. To achieve these targets, the Foundation forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended December 31, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

Note 13: Related-Party Transactions

The Foundation annually appoints an elite athlete as the Board President. The Foundation provided the President an \$18,000 annual stipend for speaking, travel, and other related services in 2022 and 2021 while promoting the Foundation.

Women's Sports Foundation

Notes to Financial Statements

December 31, 2022 and 2021

Note 14: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions Receivable

On December 31, 2022 and 2021, the Foundation had contributions receivable of approximately 74% from three donors and 84% from four donors, respectively.

Contributions

During the years ended December 31, 2022 and 2021, the Foundation received approximately 39% and 32% of contributions from two donors, respectively.

Special Events

During the year ended December 31, 2022, the Foundation received approximately 21% of revenue from two special events. During the year ended December 31, 2021, the Foundation received approximately 15% of revenue from one special event.

Investments

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

Note 15: Subsequent Events

Subsequent events have been evaluated through June 15, 2023, which is the date the financial statements were available to be issued.