

WOMEN'S ECONOMIC VENTURES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



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**WOMEN'S ECONOMIC VENTURES
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
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 (WEV), a California nonprofit public benefit corporation, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEV as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WEV 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 WEV adopted new accounting guidance for the measurement of credit losses on financial instruments. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 WEV's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 WEV'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 WEV'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.



CliftonLarsonAllen LLP

Glendora, California
June 27, 2024

**WOMEN'S ECONOMIC VENTURES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 43,340	\$ 241,981	\$ 285,321
Cash and Equivalents for Lending	662,879	293,008	955,887
Contracts and Grants Receivable	272,389	-	272,389
Pledges Receivable, Current	-	98,164	98,164
Loans Receivable, Net of Allowance for Credit Loss	81,799	-	81,799
Interest on Loans Receivable	3,771	-	3,771
Accounts Receivable - Other	18,073	-	18,073
Prepaid Expenses and Other Assets	42,659	-	42,659
Total Current Assets	<u>1,124,910</u>	<u>633,153</u>	<u>1,758,063</u>
LONG-TERM ASSETS			
Investments	2,468,854	554,009	3,022,863
Operating Right of Use Asset	461,488	-	461,488
Pledges Receivable, Net of Current	-	55,696	55,696
Loans Receivable, Net of Current	1,378,763	-	1,378,763
Property, Plant, and Equipment, Net	65,708	-	65,708
Deposits	11,983	-	11,983
Total Long-Term Assets	<u>4,386,796</u>	<u>609,705</u>	<u>4,996,501</u>
Total Assets	<u>\$ 5,511,706</u>	<u>\$ 1,242,858</u>	<u>\$ 6,754,564</u>

See accompanying Notes to Financial Statements.

WOMEN'S ECONOMIC VENTURES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023

LIABILITIES AND NET ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 422,335	\$ -	\$ 422,335
Line of Credit	1,225,190	-	1,225,190
Deferred Revenue	120,547	-	120,547
Deferred Loan Fees	4,020	-	4,020
Loans Payable, Current	27,650	-	27,650
Current Lease Liability - Operating	146,695	-	146,695
Total Current Liabilities	<u>1,946,437</u>	<u>-</u>	<u>1,946,437</u>
LONG-TERM LIABILITIES			
Loans Payable, net of Current	323,730	-	323,730
Long-Term Lease Liability - Operating, Net of Current	333,686	-	333,686
Subordinated Loans Payable, Net of Current	750,000	-	750,000
Advances Received for Lending Purposes	307,311	-	307,311
Total Long-Term Liabilities	<u>1,714,727</u>	<u>-</u>	<u>1,714,727</u>
Total Liabilities	3,661,164	-	3,661,164
NET ASSETS			
Without Donor Restrictions:			
Board-Designated for Operating Reserves	175,000	-	175,000
Board-Designated for Endowment	2,468,630	-	2,468,630
Undesignated	(793,088)	-	(793,088)
With Donor Restrictions:			
Time or Purpose Restricted	-	902,554	902,554
To be Held in Perpetuity	-	340,304	340,304
Total Net Assets	<u>1,850,542</u>	<u>1,242,858</u>	<u>3,093,400</u>
Total Liabilities and Net Assets	<u>\$ 5,511,706</u>	<u>\$ 1,242,858</u>	<u>\$ 6,754,564</u>

See accompanying Notes to Financial Statements.

**WOMEN'S ECONOMIC VENTURES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government Support for Operations	\$ 1,984,743	\$ -	\$ 1,984,743
Contributions and Grants:			
Individual Contributions	207,644	98,395	306,039
Corporate Contributions	307,482	193,987	501,469
Foundation Grants	280,032	119,318	399,350
Education Program Fees	78,798	-	78,798
Fees for Service	112,739	7,073	119,812
Interest Income from Lending	77,410	-	77,410
Fees Earned from Lending	5,665	-	5,665
Investment Return, Net of Fees	396,309	63,119	459,428
Employee Retention Credit	581,057	-	581,057
Other Income	2,903	-	2,903
Net Assets Released from Restrictions	408,129	(408,129)	-
Total Revenues	4,442,911	73,763	4,516,674
EXPENSES			
Program Services	3,704,140	-	3,704,140
Management and General	438,886	-	438,886
Development and Fundraising	290,458	-	290,458
Total Expenses	4,433,484	-	4,433,484
CHANGE IN NET ASSETS	9,427	73,763	83,190
Net Assets - Beginning of Year	1,841,115	1,169,095	3,010,210
NET ASSETS - END OF YEAR	\$ 1,850,542	\$ 1,242,858	\$ 3,093,400

See accompanying Notes to Financial Statements.

**WOMEN'S ECONOMIC VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits:				
Salaries and Wages	\$ 2,099,862	\$ 120,167	\$ 147,752	\$ 2,367,781
Pension Expense	45,384	672	3,470	49,526
Other Employee Benefits	101,496	820	10,115	112,431
Payroll Taxes	164,792	8,756	11,560	185,108
	<u>2,411,534</u>	<u>130,415</u>	<u>172,897</u>	<u>2,714,846</u>
Grants and Awards	826,250	-	-	826,250
Supplies and Services	220,029	74,146	85,656	379,831
Professional Services	-	68,779	-	68,779
Occupancy Expenses	151,906	31,445	20,253	203,604
Conference and Meeting Expenses	19,609	1,352	7,546	28,507
Interest Expense	-	78,893	-	78,893
Depreciation Expense	22,859	4,572	3,048	30,479
Insurance Expense	15,060	49,284	1,058	65,402
Small Business Loan Fund (SBLF):				
SBLF - Interest Cost of Funds	22,580	-	-	22,580
SBLF - Loan Loss Provision (Recovery of Bad Debt)	(11,477)	-	-	(11,477)
SBLF - Legal Expense	3,626	-	-	3,626
SBLF - Other Operating Expense	22,164	-	-	22,164
	<u>22,164</u>	<u>-</u>	<u>-</u>	<u>22,164</u>
 Total Expenses by Function	 <u>\$ 3,704,140</u>	 <u>\$ 438,886</u>	 <u>\$ 290,458</u>	 <u>\$ 4,433,484</u>

See accompanying Notes to Financial Statements.

**WOMEN'S ECONOMIC VENTURES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 83,190
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	30,479
Unrealized Gain on Investments	(318,277)
Change in Operating Assets:	
Contracts and Grants Receivable	414,992
Pledges Receivable	35,632
Interest on Loans Receivable	(512)
Accounts Receivable - Other	(7,073)
Prepaid Expenses and Other Assets	9,039
Operating Right of Use Asset	(63,840)
Deposits	(2,385)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(175,250)
Deferred Revenue	(326,063)
Deferred Loan Fees	(937)
Lease Liability - Operating	69,943
Advances for Lending Purposes	(5,000)
Net Cash Used by Operating Activities	(256,062)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(125,366)
Net Change in Loans Receivable	(13,488)
Net Cash Used by Investing Activities	(138,854)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Change in Line of Credit	568,727
Repayments of Debt	(27,307)
Net Cash Provided by Financing Activities	541,420

NET CHANGE IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents - Beginning of Year	1,094,704
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CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,241,208

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ 101,473
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See accompanying Notes to Financial Statements.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Women's Economic Ventures (WEV) is a 501(c)(3) nonprofit 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 towards 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:

Entrepreneurial Training – 4 to 14-week instructor-led programs, delivered in-person and online, providing an understanding of entrepreneurship, digital marketing, and ecommerce.

Financial Training – Designed to improve financial literacy and financial confidence for the small business owner.

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.

Community Engagement – Regular in-person and virtual events for WEV clients and community members; bi-weekly newsletter; social media posts; and 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 \$100,000. WEV staff provides loan consultation and loan packaging assistance.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB).

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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Costs of providing WEV's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, information technology, occupancy, travel and conferences, depreciation, and other expenses, which are allocated on the basis of estimates of time and effort or usage.

Cash and Cash Equivalents

For the 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. WEV considers all investments with a maturity of three months or less to be cash equivalents.

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.

Loans Receivable

Loans are made primarily to small businesses. These loans are due over three- to seven-year periods with interest ranging from 4% to 10% 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 on an accrual basis. 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 credit 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. The borrowers of the loans reside in Santa Barbara and Ventura County.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses

Effective, January 1, 2023, the allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the statement of financial position date. Loan losses are charged off against the allowance for credit losses on loans when WEV determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on loans.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, or delinquencies, as well as for changes in environmental conditions, such as changes in unemployment rates, collateral values, or other relevant factors.

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are estimated on an individual basis. Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments.

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors.

Prior to the adoption of ASC 326, WEV used an incurred loss model to measure an allowance for loan losses.

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.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at estimated fair value, if donated. WEV capitalizes all expenditures for land, buildings and equipment in excess of \$2,500. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold Improvements	5 Years
Furniture and Fixtures	5 Years
Equipment	5 Years
Website Development Costs	3 Years
Website Domain	10 Years

Net Asset Classes

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets 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. 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when WEV has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of December 31, 2023, WEV has conditional grants of \$1,837,285 of which \$107,232 is recognized as deferred revenue in the statement of financial position.

Fees for Service

Fees for Service are charged for business classes and advisory services provided. Fees for Service are recognized as revenue as the classes or consulting is provided. Revenues are recognized throughout the billing cycle as services are provided, with any amounts earned but not received as of year-end booked as a receivable.

Advertising

Advertising costs are expenses as incurred. Advertising costs for the year ended December 31, 2023 were \$12,225.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of WEV. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported on the statement of financial position. All regular, active, full-time employees accrue between 15 and 25 days of paid vacation per 12-month period, with the accrual increasing based on the term of employment. A maximum equal to two times the annual accrual rate may be accrued.

Income Taxes

WEV is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. WEV files an exempt organization return in the U.S. federal jurisdiction and with the California Franchise Tax Board. WEV is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes.

Leases

WEV leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

ROU assets represent WEV's right to use an underlying asset for the lease term and lease liabilities represent WEV's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, WEV uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that WEV will exercise that option. WEV has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

WEV has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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

In evaluating contracts to determine if they qualify as a lease, WEV considers factors such as if WEV has obtained substantially all of the rights to the underlying asset through exclusivity, if WEV can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, WEV has elected to use a risk-free rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Adoption of New Accounting Standards

As described in Note 5, WEV changed accounting policies related to current expected credit losses by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses in Financial Statements, in 2023. Accordingly, the accounting change has been applied as of the beginning of the period of adoption. Periods prior to the adoption date that are present for comparative purposes are not adjusted. The adoption of this standard did not have a material impact on the financial statements.

Subsequent Events

WEV has evaluated subsequent events through June 27, 2024, the date these financial statements were available to be issued.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures on December 31, 2023 are as follows:

Cash and Cash Equivalents	\$ 285,321
Cash and Equivalents for Lending	955,887
Contracts and Grants Receivable	272,389
Pledges Receivable	153,860
Loans Receivable	1,460,562
Interest on Loans Receivable	3,771
Accounts Receivable - Other	18,073
Investments	3,022,863
Less: Donor-Restricted Net Assets	<u>(1,242,858)</u>
Total	<u>\$ 4,929,868</u>

As part of its liquidity management plan, WEV monitors liquidity required and cash flows to meet operating needs on a monthly basis. WEV structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

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 \$1,500,000 line of credit. In addition, WEV has \$2,468,630 functioning as an endowment, which is available for general expenditures with Board approval.

NOTE 3 CONCENTRATION OF CREDIT RISK

WEV maintains its cash in bank deposit accounts at various institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts exceeds the insured amounts. WEV has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

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.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 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. At December 31, 2023, pledges and contributions receivable are collectible as follows:

In One Year or Less	\$ 98,164
Between Two and Five Years	71,103
In Five Years or More	<u>6,250</u>
Total Gross Contributions Receivable	175,517
Less: Discount on Pledges Receivable	(5,355)
Less: Allowance for Uncollectible	<u>(16,302)</u>
Net Contributions Receivable	<u><u>\$ 153,860</u></u>

NOTE 5 LOAN RECEIVABLES AND THE ADOPTION OF CURRENT EXPECTED CREDIT LOSS

WEV provide loans primarily to small businesses. Loan receivables are collectible as follows as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 83,871
2025	113,041
2026	268,363
2027	426,866
2028	385,410
Thereafter	<u>220,000</u>
Gross Loans Receivable	1,497,551
Less: Allowance on Credit Losses	<u>(36,989)</u>
Net Loans Receivable	<u><u>\$ 1,460,562</u></u>

WEV elected to exclude accrued interest receivable from the amortized cost basis of loans. As of December 31, 2023, accrued interest receivable for loans totaled \$3,771 and is included in accrued interest receivable on the statement of financial position.

A summary of the activity in the allowance for credit losses on loans for the year ended December 31, 2023, is as follows.

	<u>2023</u>
Small Business Loans:	
Allowance for Credit Losses, Beginning of Year	\$ 47,880
(Credit) Provision for Credit Losses	<u>(10,891)</u>
Allowance for Credit Losses, End of Year	<u><u>\$ 36,989</u></u>

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**NOTE 5 LOAN RECEIVABLES AND THE ADOPTION OF CURRENT EXPECTED CREDIT LOSS
(CONTINUED)**

The following tables show the aging analysis of the loan portfolio by time past due:

	2023
Small Business Loans by Time Past Due:	
Current	\$ 1,458,650
30-89 Days Past Due	616
More Than 90 Days Past Due (Nonaccrual)	1,296
 Total Loans	 \$ 1,460,562

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$30,479 for the year ended December 31, 2023.

The components of property, plant, and equipment as of December 31, 2023 are as follows:

Furniture and Equipment	\$ 23,456
Leasehold Improvements	10,873
Website	80,457
Total	114,786
Less: Accumulated Amortization	(49,078)
Property, Plant, and Equipment, Net	\$ 65,708

NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with fair value reporting standards, levels 1 through 2 have been assigned to the fair value measurement of investment.

The fair value level of measurement is determined as follows:

Level 1 – Quoted prices in an active market for identical assets.

Level 2 – Quoted prices for similar assets and market-corroborated inputs. WEV had no Level 2 investments at December 31, 2023.

Level 3 – WEV's own assumptions about market participation, including unobservable assumptions about risk, developed based on the best information available in the circumstances. WEV had no Level 3 investments at December 31, 2023.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments on December 31, 2023 consisted of the following:

	<u>Level 1 Total</u>
Money Market Funds	\$ 82,516
Domestic Equities Fund	1,521,297
International Equities Fund	479,418
Domestic Fixed Income Funds	782,037
International Fixed Income Funds	60,817
Liquid Real Assets Funds	96,778
Total Investments	<u>\$ 3,022,863</u>

For the year ended December 31, 2023, investment returns consisted of the following:

Interest and Dividend Income	\$ 149,127
Realized Gain on Investments	(7,976)
Unrealized Gain (Loss), Net of Fees	318,277
Total	<u>\$ 459,428</u>

NOTE 8 LINE OF CREDIT

WEV has a line of credit with Montecito Bank and Trust in the amount of \$1,500,000. The interest rate is variable, with a floor rate of 3.0% and a ceiling of 17%. The line expires in May 2027, and is secured by cash and investments managed by the bank. The outstanding balance of the line of credit on December 31, 2023 is \$1,225,190.

NOTE 9 LOANS PAYABLE

In April 2019, WEV obtained a loan from the Small Business Administration for the amount of \$300,000 for the purposes of providing microloans to small businesses. The loan carries an interest rate of 0.5% for 2023, and will be recalculated in subsequent years. Principal and interest payments of \$2,465 are due monthly until maturity in April 2029. The outstanding balance at December 31, 2023 is \$151,380.

In April 2020, WEV obtained a loan from Pacific Western Bank for the amount of \$300,000. The loan carries an interest rate of 2.0%. The loan matures in December 2025, at which time the full balance of principal and unpaid interest is due. The outstanding balance at December 31, 2023 is \$200,000.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 LOANS PAYABLE (CONTINUED)

Total future maturities for these loans are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 27,650
2025	227,995
2026	28,353
2027	28,706
2028	29,066
Thereafter	9,610
Total	<u>\$ 351,380</u>

NOTE 10 SUBORDINATED LOANS PAYABLE

In April 2019, WEV received funding in the amount of \$500,000 from Wells Fargo to make small business loans, provide employment training, and to refinance an existing loan in the amount of \$250,000. The loan carries an interest rate of 2.0%. The loan matures in April 2031 at which time the full balance of principal is due. The outstanding balance at December 31, 2023 is \$500,000.

In April 2019, WEV refinanced an existing COIN Investment as a subordinated loan in the amount of \$250,000. The subordinated loan carries an interest rate of 2.0%. The loan matures in May 2025, at which time the full balance of principal and unpaid interest is due. The outstanding balance at December 31, 2023 is \$250,000.

Total future maturities for Subordinated Loans are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ -
2025	250,000
2026	-
2027	-
2028	-
Thereafter	500,000
Total	<u>\$ 750,000</u>

NOTE 11 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.

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 EMPLOYEE RETIREMENT

WEV has a SIMPLE IRA plan covering eligible employees. Enrollment in the plan takes place on January 1st of each year. Employees are eligible to participate if they earned at least \$5,000 during the prior calendar year, and are expected to earn at least that in the subsequent year. WEV matches employee contributions up to 3%. Plan expense incurred during the year ended December 31, 2023, was \$49,526.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to Expenditure for Specific Purpose:	
Lending	\$ 293,008
Loan Loss Reserve	39,515
Programs	76,927
Regional	104,632
Administrative	2,834
Subject to the Passage of Time:	171,933
Subject to Endowment Spending Policy and Appropriation	213,705
To be Held in Perpetuity	340,304
Total Net Assets with Donor Restrictions	<u>\$ 1,242,858</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2023:

Net Assets Released from Donor Restrictions:	
Lending	\$ 35,485
Loan Loss Reserve	5,935
Programs	135,263
Regional	92,766
Administrative	2,452
Fundraising	2,452
Subject to the Passage of Time:	133,776
Total Net Assets Release from Donor Restrictions	<u>\$ 408,129</u>

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 OPERATING LEASES – ASC 842

During the year ended December 31, 2023, WEV had two lease agreements expiring in July 2026 and March 2028. Total lease expense for the year ended December 31, 2023 was \$155,902. WEV classifies the total undiscounted lease payments that are due in the next 12 months as current. The weighted-average discount rate for the operating lease is 2.19%. The weighted-average lease term for the operating lease is 3.2 years. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 155,858
2025	170,281
2026	122,675
2027	43,889
2028	<u>10,972</u>
Total Lease Payments	503,675
Less: Interest	<u>(23,171)</u>
Present Value of Lease Liabilities	<u><u>\$ 480,504</u></u>

NOTE 15 ENDOWMENT FUNDS

The board of directors of WEV has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WEV classifies as restricted net assets in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets to be held in perpetuity is classified as net assets subject to endowment spending policy and appropriation until those amounts are appropriated for expenditure by WEV in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of WEV
- The investment policies of WEV

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 15 ENDOWMENT FUNDS (CONTINUED)

Investment Return Objectives, Risk Parameters, and Strategies

WEV has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of no more than 7%, while growing the funds if possible.

Therefore, WEV expects its endowment assets, over time, to produce an average rate of return of no less than 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

WEV has a policy to distribute annually no more than 7% of the endowment funds, based on the average portfolio balances at the end of the preceding three years. In the event that the principal value of the endowment funds is reduced below the corpus amount, distributions will be reduced accordingly in compliance with the standard of prudence prescribed by UPMIFA. This is consistent with WEV's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		Investment Appreciation	In Perpetuity	
Endowment Net Assets - Beginning of Year	\$ 2,134,704	\$ 150,587	\$ 340,304	\$ 2,625,595
Investment Return, Net	328,926	63,119	-	392,045
Contributions	5,000	-	-	5,000
Endowment Net Assets - End of Year	<u>\$ 2,468,630</u>	<u>\$ 213,706</u>	<u>\$ 340,304</u>	<u>\$ 3,022,640</u>

**WOMEN'S ECONOMIC VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 15 ENDOWMENT FUNDS (CONTINUED)

Change in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		Investment Appreciation	In Perpetuity	
Endowments:				
Subject to Appropriation and Expenditure When a Specified Event Occurs:				
Restricted by Donors for:				
Available for General Use	\$ -	\$ 213,706	\$ -	\$ 213,706
To be Held in Perpetuity	-	-	340,304	340,304
Board-Designated	<u>2,468,630</u>	<u>-</u>	<u>-</u>	<u>2,468,630</u>
Endowment Net Assets	<u>\$ 2,468,630</u>	<u>\$ 213,706</u>	<u>\$ 340,304</u>	<u>\$ 3,022,640</u>

NOTE 16 CONTINGENCIES, RISKS AND UNCERTAINTIES

WEV has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

NOTE 17 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2023, WEV received the Employee Retention Credit from the Internal Revenue Service in the amount of \$581,057 in compliance with the program.



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