

**AMERICAN ASSOCIATION OF
UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.**

Independent Accountant's Review Report
and Financial Statements

Years Ended June 30, 2019 and 2018

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
American Association of University Women of the State of California, Inc.
Sacramento, CA

We have reviewed the accompanying financial statements of the American Association of University Women of California (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the American Association of University Women of California has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our conclusion is not modified with respect to that matter.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
September 24, 2019

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
Assets		
Cash and equivalents	\$ 140,517	\$ 116,922
Accounts receivable	1,382	6,406
Prepaid assets	20,709	12,055
Deposits	396	396
Investments	<u>347,678</u>	<u>329,873</u>
Total assets	<u><u>\$ 510,682</u></u>	<u><u>\$ 465,652</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 2,348	\$ 8,074
Accrued expenses	6,076	1,005
Deferred revenue	<u>94,710</u>	<u>88,310</u>
Total liabilities	<u>103,134</u>	<u>97,389</u>
Net assets:		
Without donor restrictions:		
Undesignated	59,870	38,390
Designated for operations	158,278	150,165
Designated for projects	135,339	129,364
Designated for convention/self-insurance	<u>54,061</u>	<u>50,344</u>
Total net assets	<u>407,548</u>	<u>368,263</u>
Total liabilities and net assets	<u><u>\$ 510,682</u></u>	<u><u>\$ 465,652</u></u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Support and revenue:		
Membership dues	\$ 202,597	\$ 211,229
Convention and meetings	7,048	81,438
Insurance assessments	46,326	49,253
Event revenue	17,644	19,170
Investment income, net	18,812	8,474
Miscellaneous income	<u>1,043</u>	<u>7,975</u>
Total support and revenue	<u>293,470</u>	<u>377,539</u>
Expenses:		
Program services:		
Membership development and services	89,875	100,803
Convention/annual meeting	14,638	89,945
Public policy	<u>60,662</u>	<u>60,998</u>
Total program services	165,175	251,746
Administration and general	<u>89,010</u>	<u>104,642</u>
Total expenses	<u>254,185</u>	<u>356,388</u>
Change in net assets	39,285	21,151
Net assets, beginning of year	<u>368,263</u>	<u>347,112</u>
Net assets, end of year	<u><u>\$ 407,548</u></u>	<u><u>\$ 368,263</u></u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Membership Development & Services	Convention / Annual Meeting	Public Policy	Administration & General	Total Expenses
Salaries & wages	\$ 9,552	-	-	\$ 9,553	\$ 19,105
Payroll taxes	2,865	-	-	2,865	5,730
Bank & payroll charges	-	-	-	1,741	1,741
Committee expenses	3,895	-	-	-	3,895
Conference & meeting	-	\$ 14,638	-	-	14,638
Grants to other organizations	1,000	-	-	-	1,000
Insurance	46,994	-	-	-	46,994
Luncheons	8,687	-	-	-	8,687
Miscellaneous expenses	-	-	-	692	692
Office supplies	941	-	-	942	1,883
Postage & shipping	4,225	-	-	4,226	8,451
Printing & copying	4,216	-	-	4,217	8,433
Professional fees	-	-	\$ 60,662	30,546	91,208
Rent expense	4,721	-	-	4,722	9,443
Telephone & internet	2,779	-	-	2,779	5,558
Travel	-	-	-	26,727	26,727
Totals	<u>\$ 89,875</u>	<u>\$ 14,638</u>	<u>\$ 60,662</u>	<u>\$ 89,010</u>	<u>\$ 254,185</u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Membership Development & Services	Convention / Annual Meeting	Public Policy	Administration & General	Total Expenses
Salaries & wages	\$ 7,752	-	-	\$ 7,753	\$ 15,505
Payroll taxes	2,700	-	-	2,701	5,401
Bank & payroll charges	-	-	-	1,613	1,613
Committee expenses	6,474	-	-	-	6,474
Conference & meeting	-	\$ 89,945	-	-	89,945
Dues & subscriptions	5,534	-	-	5,534	11,068
Grants to other organizations	500	-	-	-	500
Insurance	47,507	-	-	-	47,507
Luncheons	8,705	-	-	-	8,705
Miscellaneous expenses	-	-	-	614	614
Office supplies	2,779	-	-	2,780	5,559
Postage & shipping	3,120	-	-	3,121	6,241
Printing & copying	6,110	-	-	6,110	12,220
Professional fees	-	-	\$ 60,998	10,480	71,478
Rent expense	5,052	-	-	5,052	10,104
Staff development	761	-	-	761	1,522
Telephone & internet	3,809	-	-	3,810	7,619
Travel	-	-	-	54,313	54,313
Totals	<u>\$ 100,803</u>	<u>\$ 89,945</u>	<u>\$ 60,998</u>	<u>\$ 104,642</u>	<u>\$ 356,388</u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Membership dues and conventions/meetings	221,069	309,377
Other cash receipts	70,679	76,153
Payments for personnel and related expenses	(26,576)	(21,514)
Payments to vendors	<u>(236,918)</u>	<u>(328,149)</u>
Net cash provided by (used in) operating activities	<u>28,254</u>	<u>35,867</u>
Cash flows from investing activities:		
Purchases of investment securities	(91,428)	(325,287)
Proceeds from sale of investment securities	86,769	343,237
Purchases of fixed assets	<u>-</u>	<u>(150)</u>
Net cash provided by (used in) investing activities	<u>(4,659)</u>	<u>17,800</u>
Net increase (decrease) in cash	23,595	53,667
Cash and equivalents, beginning of year	<u>116,922</u>	<u>63,255</u>
Cash and equivalents, end of year	<u><u>\$ 140,517</u></u>	<u><u>\$ 116,922</u></u>

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

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 1 – NATURE OF THE ORGANIZATION

American Association of University Women of the State of California, Inc. (AAUW-CA, we, us, our) is a nonprofit corporation organized under the law of the State of California. The purpose of AAUW is to advance gender equity for women and girls through research, education, and advocacy. AAUW-CA facilitates California branches in meeting the vision and mission of AAUW by providing programs, education, and resources. We are supported primarily through membership dues and conference and convention registration fees.

Our Membership Development and Services program includes developing publications, administering insurance, and assisting branches with membership and our organization's mission.

Our Convention brings women together to talk about common issues and develop action agendas to make a difference for women in society.

Our Public Policy program supports an advocate to monitor and report on the activities of the State legislature and to represent our organization's position on policy development whenever appropriate.

State Projects are developed at the State level as the need arises and benefit the whole group. These include events to benefit the AAUW Fund which is a separate entity at American Association of University Women, Washington, D.C.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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. 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. There were no donor restricted net assets as of June 30, 2019 or June 30, 2018.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Accounts Receivable

Accounts receivable are stated at unpaid balances and are considered collectible in full; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms. Balances are charged off after management has exhausted collection efforts.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are included in investment income reported on the statements of activities.

Fixed Assets

Acquisitions of fixed assets in excess of \$1,000 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

Membership dues are recognized over the membership period. Dues collected in advance are reported as deferred until earned. Convention and meeting revenue is recognized when the events are held.

Functional Expenses

The costs of providing our program services and supporting services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Indirect costs are allocated among programs and supporting services based on personnel, space and other factors.

Donated Services

We receive donated services from a variety of unpaid volunteers assisting in fundraising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

We are exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(4) and related California code sections. However, we are subject to income taxes from activities unrelated to our tax-exempt purpose.

We have processes presently in place to ensure maintenance of our tax-exempt statuses; to identify and report unrelated business income; to determine our filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and members supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by our management and Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the board believes that the current investment policies and guidelines are prudent for the long-term welfare of our organization.

Reclassifications

Certain reclassifications of amounts previously reported may have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications have no impact on previously reported net assets.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards

We have adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied on a retrospective basis with no effect on net assets as of June 30, 2017.

We have also adopted ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. It provides assistance to not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 140,517	\$ 116,922
Accounts receivable	<u>1,382</u>	<u>6,406</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 141,899</u>	<u>\$ 123,328</u>

We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next six months. Cash in excess of this may be invested in short-term investments.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 4,158	\$ 4,158
Less: accumulated depreciation	<u>(4,158)</u>	<u>(4,158)</u>
Total fixed assets	<u>\$ --</u>	<u>\$ --</u>

Depreciation expense was \$0 and \$150 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – INVESTMENTS

In accordance with generally accepted accounting principles, we use the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value and consisted of the following as of June 30, 2019:

JUNE 30, 2019	Total	Level 1	Level 2	Level 3
Fixed income funds	\$ 189,116	\$ 189,116	\$ --	\$ --
Stock funds	<u>148,631</u>	<u>148,631</u>	<u>--</u>	<u>--</u>
Investments carried at fair value	337,747	<u>\$ 337,747</u>	<u>\$ --</u>	<u>\$ --</u>
Money market funds*	<u>9,931</u>			
Total investments	<u>\$ 347,678</u>			

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 5 – INVESTMENTS (continued)

Investments are reported at fair value and consisted of the following as of June 30, 2018:

JUNE 30, 2018	Total	Level 1	Level 2	Level 3
Fixed income funds	\$ 176,872	\$ 176,872	\$ --	\$ --
Stock funds	<u>143,150</u>	<u>143,150</u>	<u>--</u>	<u>--</u>
Investments carried at fair value	320,022	<u>\$ 320,022</u>	<u>\$ --</u>	<u>\$ --</u>
Money market funds*	<u>9,851</u>			
Total investments	<u>\$ 329,873</u>			

* Money market funds included in the investment portfolio are not subject to provisions of fair value measurements as they do not meet the FASB definition of a security.

Investment return consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 9,407	\$ 8,063
Net realized and unrealized gain/(loss)	<u>13,064</u>	<u>4,041</u>
Investment gain/(loss)	22,471	12,104
Less: investment expenses	<u>(3,659)</u>	<u>(3,630)</u>
Total investment return	<u>\$ 18,812</u>	<u>\$ 8,474</u>

NOTE 6 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses allocated on the basis of estimated time and efforts include: salaries and wages, payroll taxes, rent, communications, and other office-related expenses. Certain professional fees are allocated based on the functional nature of the contract work being performed.

**AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
OF THE STATE OF CALIFORNIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 7 – COMMITMENTS

We lease office space under an operating lease which expires in January 2022. Future minimum rental payments required under the above operating lease for the years ended June 30 are as follows:

2020	\$ 8,680
2021	8,846
2022	<u>5,216</u>
Total future minimum rental payments	<u>\$ 22,742</u>

Office rental expense for the years ended June 30, 2019 and 2018 was \$8,406 and \$8,799, respectively.

NOTE 8 – RELATED ENTITIES

We have 122 local branches and have no ownership or voting interest in these local branches. We provide insurance, leadership development, and technical and fundraising assistance to the local branches and, in return, receive \$20 for each regular member plus an insurance assessment. We receive lesser amounts from student and honorary life members.

We act as a fiscal agent for the national AAUW Tech Trek program (Tech Trek) in California. We received funds and remitted payments in the amounts of \$33,019 and \$7,386 for Tech Trek for the years ended June 30, 2019 and 2018, respectively.

NOTE 9 – CONTINGENCY

We have been named in an ADA lawsuit in the ordinary course of business. The defense is being handled by our insurance carrier. We do not expect the ultimate outcome of the case to have a material impact to the financial condition of our organization.

NOTE 10 – SUBSEQUENT EVENTS

We have reviewed the results of operations from our year end, June 30, 2019, through September 24, 2019, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any other subsequent events occurred, the nature of which would require disclosure.