

THE ROBERT A. TOIGO FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

THE ROBERT A. TOIGO FOUNDATION
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Independent Auditors' Report

To the Board of Directors
THE ROBERT A. TOIGO FOUNDATION

We have audited the accompanying financial statements of The Robert A. Toigo Foundation (a California nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

TO THE BOARD OF DIRECTORS
THE ROBERT A. TOIGO FOUNDATION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019 and 2018, 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.

Emphasis of Matter – Change in Accounting Principle

As described in Note 2 to the financial statements, the Foundation adopted Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of December 31, 2018. Our opinion is not modified with respect to that matter.

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Foundation adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

Emphasis of Matter – Subsequent Event

As discussed in Note 12 to the financial statements, the World Health Organization officially designated COVID-19 as a pandemic in March 2020, and as a result, businesses across the country and the world have taken measures to slow the spread of the virus. This has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to the Foundation is uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to that matter.



San Francisco, California
June 10, 2020

THE ROBERT A. TOIGO FOUNDATION
Statements of Financial Position
For the years ended December 31, 2019 and 2018

	December 31,	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,306,381	\$ 1,797,900
Contributions receivable	292,628	323,857
Accounts receivable	198	914
Prepaid expenses	117,955	112,319
Other assets	-	57
Total current assets	<u>2,717,162</u>	<u>2,235,047</u>
SECURITY DEPOSITS	9,243	9,218
INVESTMENTS	-	17,228
PROPERTY AND EQUIPMENT, NET	17,204	23,078
CONTRIBUTIONS RECEIVABLE (LONG-TERM), NET	<u>474,884</u>	<u>285,249</u>
Total assets	<u><u>\$ 3,218,493</u></u>	<u><u>\$ 2,569,820</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 29,288	\$ 111,044
Accrued liabilities	<u>33,766</u>	<u>27,008</u>
Total current liabilities	<u>63,054</u>	<u>138,052</u>
COMMITMENTS AND CONTINGENCIES (Notes 8, 10 & 11)		
NET ASSETS		
Without donor restrictions	2,306,045	1,694,633
With donor restrictions	<u>849,394</u>	<u>737,135</u>
Total net assets	<u>3,155,439</u>	<u>2,431,768</u>
Total liabilities and net assets	<u><u>\$ 3,218,493</u></u>	<u><u>\$ 2,569,820</u></u>

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statements of Activities
For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions - foundations	\$ -	\$ 489,636	\$ 489,636	\$ 104,010	\$ 485,249	\$ 589,259
Contributions - corporate	164,019	528,724	692,743	514,229	-	514,229
Contributions - individuals	707,807	-	707,807	1,133,671	-	1,133,671
Grants and contracts	-	152,500	152,500	296,000	35,000	331,000
Special events revenue	2,412,245	-	2,412,245	1,460,531	166,299	1,626,830
Less expenses of special events	(986,214)	-	(986,214)	(691,383)	-	(691,383)
Total special events revenue	<u>1,426,031</u>	<u>-</u>	<u>1,426,031</u>	<u>769,148</u>	<u>166,299</u>	<u>935,447</u>
Realized and unrealized loss on investments	-	-	-	(20,240)	-	(20,240)
Interest and dividend income	11,087	-	11,087	6,203	-	6,203
Other revenue	310,084	-	310,084	271,150	-	271,150
Net assets released from restrictions	<u>1,058,601</u>	<u>(1,058,601)</u>	<u>-</u>	<u>730,552</u>	<u>(730,552)</u>	<u>-</u>
Total revenue, gains, and other support	<u>3,677,629</u>	<u>112,259</u>	<u>3,789,888</u>	<u>3,804,723</u>	<u>(44,004)</u>	<u>3,760,719</u>
EXPENSES						
Program services	2,330,232	-	2,330,232	2,526,257	-	2,526,257
Management and general	480,929	-	480,929	619,298	-	619,298
Fundraising	255,056	-	255,056	184,188	-	184,188
Total expenses	<u>3,066,217</u>	<u>-</u>	<u>3,066,217</u>	<u>3,329,743</u>	<u>-</u>	<u>3,329,743</u>
CHANGE IN NET ASSETS	611,412	112,259	723,671	474,980	(44,004)	430,976
NET ASSETS, BEGINNING OF YEAR	<u>1,694,633</u>	<u>737,135</u>	<u>2,431,768</u>	<u>1,219,653</u>	<u>781,139</u>	<u>2,000,792</u>
NET ASSETS, END OF YEAR	<u>\$ 2,306,045</u>	<u>\$ 849,394</u>	<u>\$ 3,155,439</u>	<u>\$ 1,694,633</u>	<u>\$ 737,135</u>	<u>\$ 2,431,768</u>

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Special Events Expenses	Total
Salaries	\$ 533,060	\$ 149,852	\$ 148,185	\$ 51,781	\$ 882,878
Employee benefits (inc. payroll taxes)	45,744	64,130	22,504	-	132,378
Tuition	272,517	-	-	-	272,517
Occupancy costs	115,905	16,688	150	-	132,743
Conferences and meetings	245,934	5,053	7,089	499,867	757,943
Advertising & public relations	2,126	-	-	250	2,376
Telephone	10,981	4,025	2,699	264	17,969
Operation service fees	15,602	8,501	13,782	7,727	45,612
Professional service & IT fees	189,667	139,134	44,098	34,102	407,001
Program & event service fees	650,881	64,375	4,476	340,372	1,060,104
Printing	38,069	3,256	-	25,386	66,711
Office supplies	3,564	9,856	1,008	-	14,428
Maintenance and repairs	3,644	1,162	44	405	5,255
Travel	178,714	5,838	7,266	18,704	210,522
Postage and delivery	4,629	1,621	75	3,826	10,151
Filing fees	369	785	-	-	1,154
Insurance	8,254	2,340	150	-	10,744
Depreciation	7,042	782	-	-	7,824
Other expenses	3,530	3,531	3,530	3,530	14,121
Total expenses by function	\$ 2,330,232	\$ 480,929	\$ 255,056	\$ 986,214	\$ 4,052,431
Less expenses included with revenues on the statement of activities					
Gala expenses	-	-	-	(986,214)	(986,214)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,330,232</u>	<u>\$ 480,929</u>	<u>\$ 255,056</u>	<u>\$ -</u>	<u>\$ 3,066,217</u>

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Special Events Expenses	Total
Salaries	\$ 466,235	\$ 187,383	\$ 105,293	\$ 34,708	\$ 793,619
Employee benefits (inc. payroll taxes)	37,335	65,159	15,319	-	117,813
Tuition	205,500	-	-	-	205,500
Occupancy costs	95,799	6,424	1,800	-	104,023
Conferences and meetings	349,742	18,107	2,725	316,928	687,502
Advertising & public relations	13,183	66	-	449	13,698
Telephone	11,040	4,805	2,286	1,318	19,449
Operation service fees	13,128	20,012	12,783	3,758	49,681
Professional service & IT fees	123,415	194,397	32,397	3,555	353,764
Program & event service fees	799,419	43,500	617	298,446	1,141,982
Printing	21,838	506	3,229	9,936	35,509
Office supplies	3,959	7,886	1,533	57	13,435
Maintenance and repairs	5,883	214	910	223	7,230
Travel	259,157	16,263	4,709	8,626	288,755
Postage and delivery	5,482	2,052	437	879	8,850
Filing fees	-	305	-	-	305
Grant award	100,000	-	-	-	100,000
Uncollectible pledge (net of recoveries)	-	49,131	-	-	49,131
Insurance	8,412	2,340	150	-	10,902
Depreciation	6,730	748	-	-	7,478
Program entertainment	-	-	-	12,500	12,500
Total expenses by function	<u>\$ 2,526,257</u>	<u>\$ 619,298</u>	<u>\$ 184,188</u>	<u>\$ 691,383</u>	<u>\$ 4,021,126</u>
Less expenses included with revenues on the statement of activities					
Gala expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(691,383)</u>	<u>(691,383)</u>
Total expenses included in the expense section on the statement of activities	<u><u>\$ 2,526,257</u></u>	<u><u>\$ 619,298</u></u>	<u><u>\$ 184,188</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,329,743</u></u>

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 723,671	\$ 430,976
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized loss on investments	-	20,240
Depreciation	7,824	7,478
Non cash contributions	-	(314,073)
Uncollectible pledge	-	49,131
Changes in assets and liabilities:		
(Increase)/decrease in deposits	(25)	(9,218)
(Increase)/decrease in prepaid expenses	(5,636)	(112,319)
(Increase)/decrease in accounts receivable	716	3,481
(Increase)/decrease in contributions receivable	(158,406)	(207,441)
(Increase)/decrease in other assets	57	59,656
Increase/(decrease) in accounts payable	(81,756)	46,758
Increase/(decrease) in accrued liabilities	6,758	714
Net cash provided by / (used in) operating activities	<u>493,203</u>	<u>(24,617)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Proceeds from sale of investments	17,228	276,605
Purchase of property and equipment	(1,950)	(11,257)
Net cash provided by investing activities	<u>15,278</u>	<u>265,348</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	508,481	240,731
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,797,900</u>	<u>1,557,169</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,306,381</u>	<u>\$ 1,797,900</u>

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

1. NATURE OF OPERATIONS

The Robert A. Toigo Foundation (the "Foundation") is a not-for-profit foundation incorporated in California. The Foundation's contributions are primarily from financial service corporations, individual donors and other foundations located throughout the United States.

The primary objectives of the Foundation are to:

- Establish and maintain MBA programming which includes financial awards to selected students attending a graduate school of business;
- Attract minority groups to pursue business degrees leading to careers in finance;
- Assist participants by way of career management services which includes leadership development and job search support;
- Provide the next generation of minority leaders with the support, industry education, and leadership and technical skills development training needed to achieve next level of leadership and to promote the merits of diversity within corporate organizations to adopt best practices around inclusion and engagement of diverse talent and business enterprises;
- Implement program offerings and services that align to the needs and career trajectory of the post-graduate constituency of the Foundation.

The Foundation is currently working with students at more than twenty of the country's most prestigious academic institutions.

2. SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle:

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958) ("ASU 2016-14"). The amendments in ASU 2016-14 require Not-for-Profit Entities to present on the face of the statement of financial position amounts for two classes of net assets, net assets with donor restrictions and net assets without donor restrictions. The amendments also require improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The amendments also require entities to disclose, among other things, amounts of expenses by both their natural classification and their functional classification and the method(s) used to allocate costs among program and support functions. In addition, the amendments also require entities to report investment return net of external and direct internal investment expenses but no longer requires disclosure of those netted expenses.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle: (continued)

The Foundation has implemented this ASU for the year ended December 31, 2018 with retrospective application, and has adjusted the presentation in these financial statements accordingly. In addition, the Foundation has added additional note disclosure to present liquidity and availability of resources to fund future operations (Note 3) and a statement of functional expenses to present its expenses by their function and natural classification for all comparative periods with certain disclosure exceptions.

Adoption of New Accounting Standard:

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09 (Topic 606), Revenue from Contracts with Customers, (ASU 2014- 09). The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. The Foundation has adopted the standard as of January 1, 2019. There were no material changes in timing of recognition of revenue and therefore there was no adjustment to the opening balances of net assets without donor restrictions.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU No. 2018-08”). The amendments in ASU No. 2018-08 clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments assist entities in evaluating whether transactions should be accounted for as contributions within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determine whether a contribution is conditional. The Foundation has adopted this standard as of January 1, 2019; the adoption of the new standard had no impact on the Foundation’s financial statements.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are reported as increases in net assets without donor restrictions, unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Stock contributions are recognized as revenue when they are received or unconditionally promised. The Foundation also incurs investment income from dividends, interest and capital gains from the stock contributions. The Foundation reports contributions of cash and other assets as restricted contribution if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net assets and revenues, expenses, 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 (or certain grantor) restrictions.

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. 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.

Cash and Cash Equivalents:

The Foundation considers all highly liquid investments with original maturities of three months or less at acquisition to be cash equivalents. The Foundation places its cash and cash equivalents with high credit quality institutions. Periodically, such deposits may be in excess of federally insured limits.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition:

Contributions Revenue:

Grants and contributions, including unconditional promises to give, are recorded at the time the promise is received. Grants and contributions scheduled to be collected in more than one year are recorded at the expected value of future payments using present value techniques. Conditional grants and contributions are not recognized until the conditions on which they depend are substantially met. There were no conditional contributions as of December 31, 2019 and 2018.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific contributions receivable. Contribution receivables are written off when deemed uncollectible. No allowance is deemed necessary as of December 31, 2019 and 2018.

Contributed Services:

The Foundation recognizes the fair value of contributed services that create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. The Foundation records donated professional services at the respective fair values of the services received. No significant contributions of such services were received during the years ended December 31, 2019 and 2018.

Revenue Recognition from Exchange Transactions:

On January 1, 2019, the Foundation adopted ASC 606. The Foundation determined that there was no cumulative effective adjustment to net assets upon adoption of the new revenue standard as of January 1, 2019. Under ASC 606, revenue is recognized when the Foundation transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

The Foundation has multiple revenue streams that are accounted for as exchange transactions including subscriptions, job listing fees, conferences and gala events. Because the Foundation's performance obligations relate to contracts with a duration of less than one year, the Foundation has decided to apply the optional exemption provided in FASB ASC 606-10-50-14(a), and, therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition: (continued)

Gala and Special Events:

For special events, the revenue is recognized when the events are held. For the Gala, the Foundation apportions the proceeds for ticket sales between contributions and exchange transactions. The Foundation recognizes the revenue for the contribution upon sale and for the exchange transaction according to the fair value of the costs incurred for conducting the Gala.

Subscriptions:

The Foundation maintains a job search portal called ToigoPro. The Foundation sells subscriptions to access ToigoPro for a period of one year. During the period, the Foundation has no other obligation other than not to revoke customer access to the job search portal. The Foundation recognizes revenue at point of sale upon satisfying the Foundation's performance obligation of giving access to the ToigoPro job portal to the customers.

Other:

Revenues from other program services are recognized at a point of sale to the customer. The Foundation collects cash at point of sale or credit card receipts within a few days of the sale.

Receivables and Credit Policies:

Accounts receivable are stated at cost, less an allowance for uncollectible accounts receivable. The Foundation determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance is deemed necessary as of December 31, 2019 and 2018.

Property and Equipment:

Property and equipment is stated at cost, or if donated, at the estimated fair value on the date of donation. The Foundation capitalizes all property and equipment valued at \$1,000 or greater.

Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the asset's estimated useful life which range from 3 to 5 years.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various functions based on estimates of time and direct costs. The indirect expenses allocated include occupancy, utilities, and other office expenses, which use the weighted average of staff and contractors and their time and effort spent in specific program areas. Direct expenses including salaries and wages, benefits, payroll taxes, professional services, office expenses, and other, are allocated based on estimates of time and effort.

Investments:

Investments in common stock are carried at fair value based on quoted market prices. When the Foundation sells shares of common stock, the cost method is used to determine gain or loss. Investment purchases and sales are recorded on a trade-date basis. Interest income is recognized as earned on the accrual basis and dividend income is recognized as of the ex-dividend date. Unrealized gains and losses on investments resulting from market fluctuations are recorded in the statements of activities in the period that such fluctuations occur.

The Foundation follows the GAAP framework for fair value measurements. This framework favors the use of market-based information over entity-specific information. Investments measured at fair value are classified in one of the following three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety:

- | | |
|---------|---|
| Level 1 | Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment. |
| Level 2 | Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data. |
| Level 3 | Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data. |

Use of Estimates:

The preparation of financial statements in conformity with GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes:

The Foundation is registered as a nonprofit corporation and is exempt from federal income taxes, except for unrelated business income, under section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation is exempt from California state taxes under section 23701(d) of the California Revenue and Taxation Code. There was no unrelated business income in 2019 and 2018. The Foundation has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

The Foundation has evaluated its current tax positions and has concluded that as of December 31, 2019 and 2018, respectively, the Foundation does not have any significant uncertain tax positions for which a reserve would be necessary.

Recent Accounting Pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The new standard also simplifies the accounting for sale and leaseback transactions. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Lessees and lessors may not apply a full retrospective transition approach. In response to the COVID-19 pandemic, the FASB issued an ASU No. 2020-05, on June 3, 2020, to delay the effective date of the standard to the Foundation's year ending December 31, 2022. The Foundation will be required to reevaluate and potentially record right-of-use assets and lease liabilities for its office space. Management is currently assessing the impact that the standard will have on the Foundation's financial statements.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

3. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	\$ 2,306,381	\$ 1,797,900
Less donor restricted cash	(104,417)	(351,886)
Cash and cash equivalents without donor restrictions	<u>2,201,964</u>	<u>1,446,014</u>
Contributions receivable, current	292,628	323,857
Less donor restricted contributions	(244,975)	(100,000)
Contributions receivable, current without donor restriction	<u>47,653</u>	<u>223,857</u>
Accounts receivable	198	914
Investments in marketable securities	-	17,228
Total financial assets available within one year	<u>\$ 2,249,815</u>	<u>\$ 1,688,013</u>

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. The Foundation receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give not expected to be collected until after the year promised are reflected in the accompanying financial statements as contributions receivable and revenue in the appropriate net asset category. Contributions receivable are recorded using a discount rate of 1.80%. Two donors comprised approximately 91% of contributions receivable at December 31, 2019. Four donors comprised approximately 79% of contributions receivable at December 31, 2018.

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4. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable consist of the following:

	2019	2018
Receivable in less than one year	\$ 292,628	\$ 323,857
Receivable in one to five years	500,000	300,000
Total contributions receivable	792,628	623,857
Less: discounts to net present value	(25,116)	(14,751)
Total net present value of contributions receivable	767,512	609,106
Less: current portion of contributions receivable	(292,628)	(323,857)
Net long-term portion of contributions receivable	<u>\$ 474,884</u>	<u>\$ 285,249</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Computers and equipment	\$ 60,675	\$ 60,675
Furniture	28,903	28,903
Software and website costs	357,862	355,912
	447,440	445,490
Accumulated depreciation	(430,236)	(422,412)
	<u>\$ 17,204</u>	<u>\$ 23,078</u>

Depreciation expense amounted to \$7,824 and \$7,478 for the year ended December 31, 2019 and 2018, respectively.

6. FAIR VALUE MEASUREMENTS FOR INVESTMENTS

The Foundation's investments recorded at fair value have been categorized based upon a fair value hierarchy established by GAAP. See Note 2 for a discussion of the Foundation's policy regarding this hierarchy. The following fair value hierarchy table present information about the Foundation's investments measured at fair value as of December 31, 2018:

Description	Total	Level 1	Level 2	Level 3
Common stocks	\$ 17,228	\$ 17,228	\$ -	\$ -
	<u>\$ 17,228</u>	<u>\$ 17,228</u>	<u>\$ -</u>	<u>\$ -</u>

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6. FAIR VALUE MEASUREMENTS FOR INVESTMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year.

Common stock – Valued at the closing price reported on the active market on which the individual securities are traded.

The Foundation did not have any investments as of December 31, 2019.

7. NET ASSETS WITH DONOR RESTRICTIONS

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 for the years ended December 31, 2019 and 2018. The following table summarizes the purposes for which net assets with donor restrictions are available and the related additions and releases for the year ended December 31, 2019:

	December 31, 2018	Current year additions	Released from restrictions	December 31, 2019
Time restrictions	\$ 410,249	\$ 489,636	\$ (225,000)	\$ 674,885
Annual GALA	166,299	-	(166,299)	-
Bridge-to-business	160,587	19,000	(23,562)	156,025
Fellowship grant	-	263,057	(244,573)	18,484
Groundbreakers	-	295,799	(295,799)	-
Industry insights	-	56,858	(56,858)	-
Other	-	46,510	(46,510)	-
	<u>\$ 737,135</u>	<u>\$ 1,170,860</u>	<u>\$ (1,058,601)</u>	<u>\$ 849,394</u>

The following table summarizes the purposes for which net assets with donor restrictions are available and the related additions and releases for the year ended December 31, 2018:

	December 31, 2017	Current year additions	Released from restrictions	December 31, 2018
Time restrictions	\$ 205,445	\$ 485,249	\$ (280,445)	\$ 410,249
Annual GALA	213,470	166,299	(213,470)	166,299
Bridge-to-business grant	260,934	-	(100,347)	160,587
Private equity grant	101,290	-	(101,290)	-
MBA internship	-	35,000	(35,000)	-
	<u>\$ 781,139</u>	<u>\$ 686,548</u>	<u>\$ (730,552)</u>	<u>\$ 737,135</u>

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8. COMMITMENTS

The Foundation leases office space under an operating lease that is set to expire on September 30, 2020. The operating lease calls for rents of \$8,650 per month and is subject to annual increases per the lease agreement. The Foundation incurred rent expense of \$107,789 and \$104,023 in 2019 and 2018, respectively.

In March 2020, the Foundation entered into a lease agreement for an office space in Oakland, California under an operating lease that commences in October 2020 expires in December 2025 with an option to renew for a further 5 years. The base rent for the year 2020 is \$12,637 each month and is subject to increases provided in the lease agreement.

Year Ending December 31,	Office	Equipment & Other	Total
2020	\$ 82,510	\$ 3,432	\$ 85,942
2021	152,779	3,432	156,211
2022	157,362	3,432	160,794
2023	162,083	858	162,941
2024	166,945	-	166,945
Thereafter	171,953		171,953
			<u>\$ 904,786</u>

9. RELATED PARTY TRANSACTIONS

The Foundation received \$118,413 and \$156,922 in contributions from individual board members during the years ended December 31, 2019 and 2018, respectively.

10. RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a defined contribution plan which allows all eligible employees, as defined by the plan, to make elective deferrals of wages. The Foundation contributed \$9,396 and \$7,596 to the retirement plan during the year ended December 31, 2019 and 2018.

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11. RISKS AND UNCERTAINTIES

Credit Risk:

The Foundation maintains cash balances in a money market fund account and money market mutual fund accounts at financial institutions. Such accounts do not have insurance coverage by the Federal Deposit Insurance Corporation ("FDIC"), but money market mutual fund accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including a maximum of \$250,000 for cash. The Foundation has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk thereon.

Economic Conditions:

The Foundation relies on contributions and special events revenue to fund its mission and operations. As with most nonprofit organizations, these revenue streams are largely dependent on the general economic environment. General domestic and global economic, legal, and political conditions can have a major influence on donor giving and event attendance. A significant decline in contributions or event revenue could have an adverse impact on the Foundation's future operating results. In addition, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowance for contributions receivable that could negatively impact the Foundation's ability to maintain sufficient liquidity.

12. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position date through June 10, 2020, the date the financial statements were available to be issued. Management has determined that there are no unrecognized subsequent events that require additional disclosure, except as follows:

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic, and governments, businesses and individuals around the world have taken strong, temporary measures to slow the spread of the virus. This has resulted in reduced economic activity and the United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Foundation is closely monitoring its operations and investment portfolio and is actively working to minimize the impact of any declines in revenue. The extent and duration of the impact of COVID-19 on the Foundation and its clients, employees, and business partners is uncertain. Therefore, the financial effect of COVID-19 on the Foundation cannot be estimated at this time and the Foundation's financial statements do not include adjustments to fair value that have resulted from any declines.

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12. SUBSEQUENT EVENTS (continued)

The Foundation applied for a loan in the amount of \$128,308 under the Paycheck Protection Program (“PPP”). On May 6, 2020, the Foundation received proceeds in the amount of \$109,267 and the balance of \$19,041 was received on May 29, 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business subject to certain limitations. The loans and accrued interest are forgivable for the portion of the loan used by the borrower for eligible purposes, including payroll, benefits, rent, mortgage payments and utilities, during the twenty four week period following receipt of the proceeds as long as the borrower maintains payroll levels. Borrowers can also take advantage of the CARES Act provision which allows deferral of employer’s payroll taxes for Social Security. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty four-week period. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation has taken all necessary steps to ensure accurate tracking of expenses and use of the proceeds for purposes consistent with the PPP requirements for forgiveness.