

THE ROBERT A. TOIGO FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

THE ROBERT A. TOIGO FOUNDATION
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Independent Auditors' Report

To the Board of Directors
THE ROBERT A. TOIGO FOUNDATION

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

TO THE BOARD OF DIRECTORS
THE ROBERT A. TOIGO FOUNDATION

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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



Redwood City, California
May 12, 2022

THE ROBERT A. TOIGO FOUNDATION
Statements of Financial Position
December 31, 2021 and 2020

| | December 31, | |
|---|---------------------|---------------------|
| | 2021 | 2020 |
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 4,542,941 | \$ 3,105,800 |
| Contributions receivable | 783,265 | 750,814 |
| Accounts receivable | 116,580 | - |
| Prepaid expenses | 316,689 | 311,063 |
| Total current assets | 5,759,475 | 4,167,677 |
| CONTRIBUTIONS RECEIVABLE (LONG-TERM), NET | 93,516 | 613,800 |
| PROPERTY AND EQUIPMENT, NET | 35,164 | 37,247 |
| SECURITY DEPOSITS | 14,649 | 14,649 |
| Total assets | <u>\$ 5,902,804</u> | <u>\$ 4,833,373</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 54,074 | \$ 36,535 |
| Accrued liabilities | 56,631 | 55,251 |
| Deferred revenue | 41,310 | - |
| Paycheck protection program (PPP) loan | - | 128,308 |
| Total current liabilities | 152,015 | 220,094 |
| DEFERRED RENT & LEASE INCENTIVE LIABILITY | 40,346 | 38,625 |
| Total liabilities | 192,361 | 258,719 |
| COMMITMENTS AND CONTINGENCIES (Notes 7, 9 & 10) | | |
| NET ASSETS | | |
| Without donor restrictions | 4,679,385 | 2,784,553 |
| With donor restrictions | 1,031,058 | 1,790,101 |
| Total net assets | 5,710,443 | 4,574,654 |
| Total liabilities and net assets | <u>\$ 5,902,804</u> | <u>\$ 4,833,373</u> |

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statements of Activities
For the Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE, GAINS, AND OTHER SUPPORT | | | | | | |
| Contributions - corporate | \$ 456,166 | \$ 500,310 | \$ 956,476 | \$ 458,918 | \$ 410,060 | \$ 868,978 |
| Contributions - individuals | 700,591 | 16,325 | 716,916 | 363,063 | - | 363,063 |
| Grants | - | 165,000 | 165,000 | - | 1,265,034 | 1,265,034 |
| Discount on long-term pledges | - | 8,385 | 8,385 | - | 10,247 | 10,247 |
| Total contributions, grants and contracts | <u>1,156,757</u> | <u>690,020</u> | <u>1,846,777</u> | <u>821,981</u> | <u>1,685,341</u> | <u>2,507,322</u> |
| Special events revenue | 1,949,667 | - | 1,949,667 | 2,016,443 | - | 2,016,443 |
| Less expenses of special events | (689,668) | - | (689,668) | (658,016) | - | (658,016) |
| Total special events revenue | <u>1,259,999</u> | <u>-</u> | <u>1,259,999</u> | <u>1,358,427</u> | <u>-</u> | <u>1,358,427</u> |
| Other revenue | 985,457 | - | 985,457 | 625,881 | - | 625,881 |
| Forgiveness of PPP Loans | 285,582 | - | 285,582 | - | - | - |
| Interest and dividend income | 1,099 | - | 1,099 | 2,746 | - | 2,746 |
| Net assets released from restrictions | 1,449,063 | (1,449,063) | - | 744,634 | (744,634) | - |
| Total revenue, gains, and other support | <u>5,137,957</u> | <u>(759,043)</u> | <u>4,378,914</u> | <u>3,553,669</u> | <u>940,707</u> | <u>4,494,376</u> |
| EXPENSES | | | | | | |
| Program services | 2,703,584 | - | 2,703,584 | 2,343,486 | - | 2,343,486 |
| Management and general | 388,326 | - | 388,326 | 578,058 | - | 578,058 |
| Fundraising | 151,215 | - | 151,215 | 153,617 | - | 153,617 |
| Total expenses | <u>3,243,125</u> | <u>-</u> | <u>3,243,125</u> | <u>3,075,161</u> | <u>-</u> | <u>3,075,161</u> |
| CHANGE IN NET ASSETS | 1,894,832 | (759,043) | 1,135,789 | 478,508 | 940,707 | 1,419,215 |
| NET ASSETS, BEGINNING OF YEAR | <u>2,784,553</u> | <u>1,790,101</u> | <u>4,574,654</u> | <u>2,306,045</u> | <u>849,394</u> | <u>3,155,439</u> |
| NET ASSETS, END OF YEAR | <u>\$ 4,679,385</u> | <u>\$ 1,031,058</u> | <u>\$ 5,710,443</u> | <u>\$ 2,784,553</u> | <u>\$ 1,790,101</u> | <u>\$ 4,574,654</u> |

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2021

| | Program Services | Management and General | Fundraising | Special Events Expenses | Total |
|--|----------------------------|------------------------------|--------------------------|-------------------------------|----------------------------|
| Salaries | \$ 996,486 | \$ 143,104 | \$ 79,546 | \$ 33,428 | \$ 1,252,564 |
| Employee benefits (inc. payroll taxes) | 127,604 | 30,420 | 10,024 | - | 168,048 |
| Tuition | 114,000 | - | - | - | 114,000 |
| Occupancy costs | 139,511 | 17,285 | - | - | 156,796 |
| Conferences and meetings | 55,907 | - | - | 28 | 55,935 |
| Advertising and public relations | 420 | - | - | 420 | 840 |
| Telephone | 5,254 | 2,330 | 1,964 | 368 | 9,916 |
| Operation service fees | 31,752 | 10,057 | 4,073 | 5,007 | 50,889 |
| Professional service and IT fees | 292,384 | 168,293 | 52,762 | 51,950 | 565,389 |
| Program and event service fees | 876,635 | 54 | 450 | 579,110 | 1,456,249 |
| Printing | 39,761 | 1,003 | 948 | 13,204 | 54,916 |
| Office supplies | 792 | 1,541 | 9 | - | 2,342 |
| Maintenance and repairs | 2,658 | 658 | 53 | - | 3,369 |
| Travel | 233 | 267 | (73) | 6,153 | 6,580 |
| Postage and delivery | 1,960 | 636 | - | - | 2,596 |
| Filing fees | - | 234 | - | - | 234 |
| Insurance | 13,746 | 2,733 | 1,083 | - | 17,562 |
| Depreciation | 4,480 | 9,711 | 377 | - | 14,569 |
| Total expenses by function | <u>\$ 2,703,584</u> | <u>\$ 388,326</u> | <u>\$ 151,215</u> | <u>\$ 689,668</u> | <u>\$ 3,932,793</u> |
| Less expenses included with revenues on the statement of activities | | | | | |
| Gala expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>(689,668)</u> | <u>(689,668)</u> |
| Total expenses included in the expense section on the statement of activities | <u><u>\$ 2,703,584</u></u> | <u><u>\$ 388,326</u></u> | <u><u>\$ 151,215</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,243,125</u></u> |

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2020

| | Program Services | Management and General | Fundraising | Special Events Expenses | Total |
|--|----------------------------|------------------------------|--------------------------|-------------------------------|----------------------------|
| Salaries | \$ 688,764 | \$ 242,146 | \$ 93,357 | \$ 48,512 | \$ 1,072,779 |
| Employee benefits (inc. payroll taxes) | 99,171 | 42,065 | 12,034 | - | 153,270 |
| Tuition | 166,983 | - | - | - | 166,983 |
| Occupancy costs | 111,862 | 86,284 | - | - | 198,146 |
| Conferences and meetings | 76,129 | 282 | - | - | 76,411 |
| Advertising and public relations | 2,226 | - | 49 | 315 | 2,590 |
| Telephone | 8,200 | 2,451 | 1,860 | 9 | 12,520 |
| Operation service fees | 39,702 | 10,874 | 5,481 | 6,521 | 62,578 |
| Professional service and IT fees | 266,933 | 181,573 | 39,582 | 54,823 | 542,911 |
| Program and event service fees | 794,670 | 1,350 | 45 | 534,816 | 1,330,881 |
| Printing | 14,583 | 433 | 213 | 12,055 | 27,284 |
| Office supplies | 3,645 | 2,128 | 268 | - | 6,041 |
| Maintenance and repairs | 4,344 | 777 | 50 | 657 | 5,828 |
| Travel | 48,283 | 787 | 119 | 259 | 49,448 |
| Postage and delivery | 1,980 | 1,024 | 3 | 49 | 3,056 |
| Filing fees | 391 | 273 | - | - | 664 |
| Insurance | 8,810 | 2,300 | 556 | - | 11,666 |
| Depreciation | 6,810 | 3,311 | - | - | 10,121 |
| Total expenses by function | <u>\$ 2,343,486</u> | <u>\$ 578,058</u> | <u>\$ 153,617</u> | <u>\$ 658,016</u> | <u>\$ 3,733,177</u> |
| Less expenses included with revenues on the statement of activities | | | | | |
| Gala expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>(658,016)</u> | <u>(658,016)</u> |
| Total expenses included in the expense section on the statement of activities | <u><u>\$ 2,343,486</u></u> | <u><u>\$ 578,058</u></u> | <u><u>\$ 153,617</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,075,161</u></u> |

See Notes to Financial Statements

THE ROBERT A. TOIGO FOUNDATION
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,135,789 | \$ 1,419,215 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 14,569 | 10,121 |
| Forgiveness of PPP Loan | (283,929) | - |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in deposits | - | (5,406) |
| (Increase)/decrease in prepaid expenses | (5,626) | (193,108) |
| (Increase)/decrease in accounts receivable | (116,580) | 198 |
| (Increase)/decrease in contributions receivable | 487,833 | (597,102) |
| Increase/(decrease) in accounts payable | 17,539 | 7,247 |
| Increase/(decrease) in accrued liabilities | 1,380 | 21,485 |
| Increase/(decrease) in deferred revenue | 41,310 | - |
| Increase/(decrease) in deferred rent and lease incentive | 1,721 | 38,625 |
| Net cash provided by operating activities | <u>1,294,006</u> | <u>701,275</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | <u>(12,486)</u> | <u>(30,164)</u> |
| Net cash used in investing activities | <u>(12,486)</u> | <u>(30,164)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program Loan | <u>155,621</u> | <u>128,308</u> |
| Net cash provided by financing activities | <u>155,621</u> | <u>128,308</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,437,141 | 799,419 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>3,105,800</u> | <u>2,306,381</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 4,542,941</u></u> | <u><u>\$ 3,105,800</u></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 merit awards to selected students attending a graduate school of business;
- Attract minority groups to pursue finance related careers;
- Assist participants by way of career management services which includes leadership development and job search support;
- Provide the next generation of minority leaders with support, industry education, leadership and technical skills; as well as ongoing professional development, programming, and services for experienced talent;
- Provide education and awareness around the merits of inclusion within organizations to adopt best practices and engagement of diverse talent and business enterprise.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets:

Net assets and revenues, expenses, and 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 maturities of three months or less 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.

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 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition: (continued)

Revenue Recognition from Exchange Transactions:

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, job placement fees, conferences, and gala events. The revenues from these transactions are recognized at a point-in-time when the goods and services are provided. Because the Foundation's performance obligations relate to contracts with a duration of less than one year, the Foundation has applied the optional exemption provided under U.S. GAAP, 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.

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 – Other Income:

The Foundation maintains a job search portal called ToigoPro. The Foundation sells subscriptions for employers to post job openings on a monthly, quarterly, or yearly basis as well as single postings. 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, 2021 and 2020.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 present 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.

Use of Estimates:

The preparation of financial statements in conformity with U.S. 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.

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 2021 and 2020. 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, 2021 and 2020, respectively, the Foundation does not have any significant uncertain tax positions for which a reserve would be necessary.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year comparative financial statements.

Recent Accounting Pronouncements:

In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. Under the new guidance under this ASU, lessees will be required to recognize a right-of-use asset and a lease liability, measured at the present value of the lease payments, in its statement of financial position. The ASU also expands the required quantitative and qualitative disclosures surrounding leases and simplifies the accounting for sale and leaseback transactions. On June 3, 2020, the FASB issued ASU No. 2020-05 that defers the effective dates of FASB standards for Topic 842 due to the global concerns about the effects of the COVID-19 pandemic on financial reporting. The ASU permits not-for-profits organizations to apply the new lease standard for annual reporting periods beginning after December 15, 2021. The ASU is now effective for the Foundation’s year ending December 31, 2022. The Foundation is currently evaluating the impact that this ASU may have on its financial statements.

In September 2020, the FASB has issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends the FASB ASC to provide guidance concerning presentation and disclosure by not-for-profit entities of contributed non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item in the statement of activities of contributed non-financial assets, and (2) disclosure of information about each category (i.e., type) of non-financial asset received. Non-financial assets include fixed assets (e.g., land, buildings, and equipment), the use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amended guidance, which should be applied retrospectively to all periods presented, is effective for the Foundation’s year ending December 31, 2022. The Foundation is currently evaluating the impact that this ASU may have on its financial statements.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

3. LIQUIDITY AND AVAILABILITY

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

| | December 31, | |
|---|---------------------|---------------------|
| | 2021 | 2020 |
| Cash and cash equivalents | \$ 4,542,941 | \$ 3,105,800 |
| Less donor restricted cash | (351,799) | (575,885) |
| Cash and cash equivalents without donor restrictions | 4,191,142 | 2,529,915 |
| Contributions receivable, current | 783,265 | 750,814 |
| Less donor restricted contributions | (579,290) | (591,865) |
| Contributions receivable, current without donor restriction | 203,975 | 158,949 |
| Accounts receivable | 116,580 | - |
| Total financial assets available within one year | <u>\$ 4,511,697</u> | <u>\$ 2,688,864</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 discount rates of 1.80% and 2.65% based on the five year treasury rate at the date of the Grant Agreements. Three donors comprised approximately 62% and 85% of contributions receivable at December 31, 2021 and 2020, respectively.

THE ROBERT A. TOIGO FOUNDATION
Notes to Financial Statements

4. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable consists of the following:

| | December 31, | |
|---|------------------|-------------------|
| | 2021 | 2020 |
| Receivable in less than one year | \$ 783,265 | \$ 750,814 |
| Receivable in one to five years | 100,000 | 628,669 |
| Total contributions receivable | 883,265 | 1,379,483 |
| Less: discounts to net present value | (6,484) | (14,869) |
| Total net present value of contributions receivable | 876,781 | 1,364,614 |
| Less: current portion of contributions receivable | (783,265) | (750,814) |
| Net long-term portion of contributions receivable | <u>\$ 93,516</u> | <u>\$ 613,800</u> |

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | December 31, | |
|----------------------------|------------------|------------------|
| | 2021 | 2020 |
| Computers and equipment | \$ 76,005 | \$ 71,108 |
| Furniture | 40,539 | 40,539 |
| Software and website costs | 354,495 | 365,957 |
| | 471,039 | 477,604 |
| Accumulated depreciation | (435,876) | (440,357) |
| | <u>\$ 35,163</u> | <u>\$ 37,247</u> |

Depreciation expense amounted to \$14,569 and \$10,121 for the years ended December 31, 2021 and 2020, respectively.

THE ROBERT A. TOIGO FOUNDATION
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6. 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, 2021 and 2020. 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, 2021:

| | December 31, 2020 | Current year additions | Released from restrictions | December 31, 2021 |
|---|----------------------|---------------------------|-------------------------------|----------------------|
| Time restrictions | \$ 498,773 | \$ 22,804 | \$ (211,945) | \$ 309,632 |
| Bridge-to-business | 156,025 | - | (156,025) | - |
| Fellowship grant | - | 140,000 | (115,000) | 25,000 |
| Groundbreakers | - | 304,500 | (304,500) | - |
| MBA Catapult | - | 163,310 | (153,810) | 9,500 |
| Inclusion Strategy | 68,949 | 25,000 | (93,949) | - |
| APEX 2.0 | 1,066,354 | 581 | (413,834) | 653,101 |
| All A Board | - | 17,500 | - | 17,500 |
| Tyson Clark Scholarship Memorial Fund | - | 16,325 | - | 16,325 |
| | <u>\$ 1,790,101</u> | <u>\$ 690,020</u> | <u>\$ (1,449,063)</u> | <u>\$ 1,031,058</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, 2020:

| | December 31, 2019 | Current year additions | Released from restrictions | December 31, 2020 |
|--------------------|----------------------|---------------------------|-------------------------------|----------------------|
| Time restrictions | \$ 674,885 | \$ 11,944 | \$ (188,056) | \$ 498,773 |
| Bridge-to-business | 156,025 | 3,310 | (3,310) | 156,025 |
| Fellowship grant | 18,484 | 49,500 | (67,984) | - |
| Groundbreakers | - | 250,500 | (250,500) | - |
| MBA Catapult | - | 156,250 | (156,250) | - |
| Inclusion Strategy | - | 115,000 | (46,051) | 68,949 |
| APEX 2.0 | - | 1,098,837 | (32,483) | 1,066,354 |
| | <u>\$ 849,394</u> | <u>\$ 1,685,341</u> | <u>\$ (744,634)</u> | <u>\$ 1,790,101</u> |

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7. COMMITMENTS

Leases:

The Foundation entered into a lease agreement for an office space in Oakland, California under an operating lease that commenced in October 2020 and expires in December 2025 with an option to renew for an additional 5 years. The lease agreement calls for escalating rent increases. As part of the lease agreement, the landlord offered 3 months of free rent on the initiation of the lease term. The Foundation recorded a deferred lease incentive liability for this amount. Lease expense is recognized straight-line over the term of the lease. The difference between the lease payments and the straight-line expense is recorded as a deferred lease and incentive liability. The deferred rent and lease incentive liability of \$40,346 and \$38,625 as of December 31, 2021 and 2020, respectively, will be reduced ratably as a credit to rent expense over the life of the lease. The Foundation incurred rent expense of \$154,499 and \$118,222 in December 31, 2021 and 2020, respectively.

The Foundation leases office equipment under an operating lease which expires in 2023. The Foundation incurred equipment lease expense of \$3,813 and \$3,849 in December 31, 2021 and 2020, respectively.

The minimum future lease commitments over the remaining four years are as follows:

| Year Ending December 31, | Office | Equipment & Other | Total |
|-----------------------------|---------|----------------------|-------------------|
| 2022 | 157,362 | 3,432 | \$ 160,794 |
| 2023 | 162,083 | 858 | 162,941 |
| 2024 | 166,945 | - | 166,945 |
| 2025 | 171,953 | - | 171,953 |
| | | | <u>\$ 662,632</u> |

8. RELATED PARTY TRANSACTIONS

The Foundation received \$129,650 and \$103,058 in contributions from individual board members during the years ended December 31, 2021 and 2020, respectively.

9. 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 \$2,733 and \$5,277 to the retirement plan during the years ended December 31, 2021 and 2020, respectively.

THE ROBERT A. TOIGO FOUNDATION

Notes to Financial Statements

10. 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.

COVID-19 Disruption:

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. These actions included quarantines and “stay-at-home” or “shelter-in-place” orders, social distancing measures, travel restrictions, school closures and similar mandates for many individuals in order to substantially restrict daily activities and orders for many businesses to curtail or cease normal operations unless their work is critical, essential, or life sustaining. Although certain jurisdictions have taken steps to lift or ease such restrictions to various degrees, some jurisdictions have subsequently reversed such lifting or easing in response to increased cases of COVID-19.

Due to the above, the Foundation successfully transitioned majority of its employees to a remote working environment and tailored major programs and events usually held in-person to a virtual setting in 2021 and 2020.

Governments and central banks in the United States have enacted fiscal and monetary stimulus and assistance measures to help mitigate some of the economic impacts of COVID-19. The Foundation has applied for and received funds (Note 11) under one of the programs. The Foundation will continue to monitor and where appropriate take advantage of additional government assistance as it becomes available.

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Notes to Financial Statements

10. RISKS AND UNCERTAINTIES (continued)

COVID-19 Disruption: (continued)

Depending on the duration of the COVID-19 pandemic, the extent to which COVID-19 may affect the Foundation's financial position, activities, and cash flows is uncertain and the accompanying financial statements included no adjustments related to the effects of the pandemic. The Foundation will continue to monitor the impact on operations and make the necessary adjustments to spending in order to meet current obligations.

11. PAYCHECK PROTECTION PROGRAM LOAN

The Foundation received loan proceeds of \$128,308 on May 28, 2020 and \$155,621 on April 1, 2021 in exchange for promissory notes issued to Bank of America, under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration ("SBA"). The term of the loan was two years and the annual interest rate was 1.00%. Payments of principal and interest were deferred for the first six months of the loan. Under the terms of the CARES Act, PPP Loan recipients could apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness is to be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations.

On June 5, 2020, the Paycheck Protection Program Flexibility Act ("PPPPFA") was signed into law, and was followed by revised forgiveness applications on June 16, 2020 and revised interim final rules ("IFRs") on June 22, 2020. The enactment of PPPFA and subsequent releases of the related IFRs and forgiveness applications provided several structural changes to the program aimed to provide businesses with added flexibility to utilize the funds and to be able to obtain forgiveness. The primary modifications included: reducing from 75% to 60% the percent of a borrower's loan proceeds which must be used for payroll costs; increasing the covered period from 8 weeks to 24 weeks, which is the period eligible costs can qualify for forgiveness; extending the deferral period for principal and interest on the loan to the date SBA remits the loan forgiveness amount to the lender or ten months after the loan forgiveness covered period if the borrower has not applied for forgiveness.

On December 27, 2020, the President signed into law omnibus federal spending and economic stimulus legislation titled the "Consolidated Appropriations Act" that included the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "HHSB Act"). Among other things, the HHSB Act renewed the PPP, allocating \$284.45 billion for both new first time PPP loans under the existing PPP and the expansion of existing PPP loans for certain qualified, existing PPP borrowers.

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11. PAYCHECK PROTECTION PROGRAM LOAN (continued)

The Foundation accounted for the PPP proceeds received under the accounting guidance for debt and applied for forgiveness on November 18, 2020 for the first loan, and on March 8, 2021 for the second loan. The Foundation was notified by its lender and the SBA that the Foundation's PPP loans were fully forgiven on February 4, 2021 and October 5, 2021. The Foundation recorded full forgiveness of \$128,308 and \$155,621, respectively, for the PPP loans in the statement of activities in 2021 when the PPP loan forgiveness funds were officially applied against their outstanding loan balances.

12. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position date through May 12, 2022, the date the financial statements were available to be issued. Management has determined that there are no unrecognized subsequent events that require additional disclosure.