

**SOCIETY OF WOMEN ENGINEERS  
ENDOWMENT FUND, INC.**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2020 AND 2019**

**SOCIETY OF WOMEN ENGINEERS  
ENDOWMENT FUND, INC.**

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AND INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Society of Women Engineers  
Endowment Fund, Inc.  
500 Westover Drive, #15679  
Sanford, North Carolina 27330

We have audited the accompanying financial statements of Society of Women Engineers Endowment Fund, Inc. which comprise the statement of financial position as of June 30, 2020, 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.

### **Auditors' 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 of 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 auditors' 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Society of Women Engineers Endowment Fund, Inc. as of June 30, 2020, 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.

## Report on Summarized Comparative Information

We have previously audited the Society of Women Engineers Endowment Fund, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PORTE BROWN LLC  
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC". The signature is written in black ink and is positioned above a horizontal line.

Elk Grove Village, Illinois  
February 9, 2021

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2020**

(with summarized information for the year ended June 30, 2019)

**ASSETS**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 371,170	\$ -	\$ 371,170	\$ 395,470
Investments	2,757,922	8,398,837	11,156,759	11,389,519
Due from Society of Women Engineers	33,144	-	33,144	26,015
<b>TOTAL ASSETS</b>	<u>\$ 3,162,236</u>	<u>\$ 8,398,837</u>	<u>\$ 11,561,073</u>	<u>\$ 11,811,004</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>				
Due to Society of Women Engineers	\$ -	\$ 298,000	\$ 298,000	\$ 289,750
<b>NET ASSETS</b>	<u>3,162,236</u>	<u>8,100,837</u>	<u>11,263,073</u>	<u>11,521,254</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,162,236</u>	<u>\$ 8,398,837</u>	<u>\$ 11,561,073</u>	<u>\$ 11,811,004</u>

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

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

(with summarized information for the year ended June 30, 2019)

	<b>2020</b>			<b>2019 Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>REVENUES</b>				
Contributions	\$ 65,664	\$ 184,264	\$ 249,928	\$ 301,229
Investment (loss) income, net	(49,567)	37,726	(11,841)	466,727
Net assets released from restrictions	389,019	(389,019)	-	-
	<u>405,116</u>	<u>(167,029)</u>	<u>238,087</u>	<u>767,956</u>
<b>EXPENSES</b>				
Program services	325,640	-	325,640	311,483
Administrative	170,628	-	170,628	159,010
	<u>496,268</u>	<u>-</u>	<u>496,268</u>	<u>470,493</u>
<b>CHANGE IN NET ASSETS</b>	(91,152)	(167,029)	(258,181)	297,463
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,253,388</u>	<u>8,267,866</u>	<u>11,521,254</u>	<u>11,223,791</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,162,236</u></u>	<u><u>\$ 8,100,837</u></u>	<u><u>\$ 11,263,073</u></u>	<u><u>\$ 11,521,254</u></u>

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

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2020**

(with summarized information for the year ended June 30, 2019)

	<u>Program Services</u>	<u>Administrative</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>EXPENSES</b>				
Awards	\$ 26,210	\$ -	\$ 26,210	\$ 26,210
Designated funds	4,184	-	4,184	2,673
Headquarters subsidy	-	112,315	112,315	110,077
Miscellaneous	-	454	454	99
Professional	-	22,715	22,715	19,211
Scholarships	295,246	-	295,246	282,600
Travel	-	35,144	35,144	29,624
<b>TOTAL EXPENSES</b>	<u>\$ 325,640</u>	<u>\$ 170,628</u>	<u>\$ 496,268</u>	<u>\$ 470,494</u>

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

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (258,181)	\$ 297,463
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	(61,485)	106,468
Unrealized loss (gain) on investments	356,510	(369,043)
Changes in:		
Due from Society of Women Engineers	(7,129)	7,280
Due to Society of Women Engineers	8,250	18,750
Net cash provided by operating activities	37,965	60,918
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(1,270,362)	(3,403,423)
Proceeds from sale of investments	1,208,097	3,423,817
Net cash (used) provided by investing activities	(62,265)	20,394
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(24,300)	81,312
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	395,470	314,158
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 371,170	\$ 395,470
 <b>SUPPLEMENTAL INFORMATION TO CASH FLOWS</b>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	-	-
 Noncash investing activities:		
(Decrease) increase in fair value of investments	(356,510)	369,043

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



## **SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE A – NATURE OF OPERATIONS**

The Society of Women Engineers Endowment Fund, Inc. (the "Fund") was incorporated in April 2005, as a not-for-profit supporting organization. The Fund provides scholarships, awards, and other financial assistance and encouragement to the Society of Women Engineers (the "Society") and to students of engineering in addition to support for the headquarters for the Society. The Board of Trustees of the Society has the authority to invest and reinvest the assets of the Fund. They also determine the number, type, and amount of scholarships and awards each year. The Board of Directors of the Society determines who will receive the scholarships and awards.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Fund's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the Fund reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Fund reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	2020	2019
Purpose restrictions, available for spending:		
Designated fund	\$ 525	\$ 5,411
Award accounts	57,198	57,198
Scholarships	3,921,097	4,250,860
	3,978,820	4,313,469
Endowment funds		
Perpetual designated fund (Note G)	139,000	104,000
Perpetual awards (Note G)	151,400	151,400
Perpetual scholarships (Note G)	3,831,617	3,698,997
	4,122,017	3,954,397
	\$ 8,100,837	\$ 8,267,866

Net assets released from restriction were as follows:

	2020	2019
Designated fund	\$ 5,425	\$ 3,879
Scholarships	383,593	364,609
	\$ 389,018	\$ 368,488

CONTRIBUTED SERVICES

During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been reflected in these financial statements.

FUNCTIONAL EXPENSES

The Fund allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FUNCTIONAL EXPENSES (Continued)

In the event that an expense is attributable to more than one program or supporting function, it would be allocated on a reasonable basis that is consistently applied. Due to the nature of the expenses for the Fund for 2020 and 2019, all of the expenses are directly allocated.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Fund.

CASH EQUIVALENTS

The Fund considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Fund has cash and cash equivalents in excess of federally insured limits of \$250,000 at one banking institution. These amounts potentially subject the Fund to credit risk if the banking institution fails. It is of the opinion of management that the solvency of the referenced financial institutions is not of a particular concern at this time.

RECEIVABLES

The Fund has not included the amounts pledged by donors for the year ended June 30, 2020 and 2019, that have been committed to for years ending after June 30, 2020 and 2019, but not yet paid. The pledges are not material to the financial statements as a whole.

INCOME TAXES

The Society of Women Engineers Endowment Fund, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal and state income taxes has been made.

The Fund has adopted the provisions of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Fund is responsible for filing information returns in the U.S. Federal jurisdiction. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through February 9, 2021, the date which the financial statements were available to be issued.

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Fund considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Fund regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. The following table show the total financial assets held by the Fund and the amounts of which could readily be made available within one year of June 30, 2020 and 2019 to meet general expenditures:

	2020	2019
Cash and cash equivalents	\$ 371,170	\$ 395,470
Investments	11,156,759	11,389,519
Due from Society of Women Engineers	33,144	26,015
Total financial assets	11,561,073	11,811,004
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions		
Perpetually restricted endowments	(4,122,017)	(3,954,397)
Restricted by donor with purpose restriction	(3,978,820)	(4,313,469)
Financial assets available to meet general expenditures within one year	\$ 3,460,236	\$ 3,543,138

**NOTE D – INVESTMENTS**

Investments are stated at fair value based on quoted market prices or market prices for similar securities. Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment income. Realized gains and losses are recognized using the cost method and are reported as a component of investment income. In addition, external and direct internal expenses relating to investment activities have been netted against investment income.

Investments at June 30, 2020 and 2019, are summarized as follows:

	2020	2019
Cash and cash equivalents	\$ 182,759	\$ 200,437
Common stock	4,475,550	4,481,466
Corporate bonds	834,484	788,650
Mutual funds and ETFs	5,048,392	5,141,140
Hedge fund	615,574	777,826
Total investments	\$ 11,156,759	\$ 11,389,519
Total, at cost	\$ 10,520,839	\$ 10,618,900

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE D – INVESTMENTS (Continued)**

Included in mutual funds and ETFs is a mutual fund with hedge fund strategies totaling \$869,111 and \$831,017 as of June 30, 2020 and 2019, respectively. Total hedge fund investments were \$1,484,685 and \$1,608,843 as of June 30, 2020 and 2019, respectively.

Investment income for the years ended June 30, 2020 and 2019, is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 337,501	275,820
Realized gains (losses) on sale of investments	61,485	(106,469)
Unrealized (losses) gain on investments	(345,091)	369,043
Fees	<u>(65,736)</u>	<u>(71,667)</u>
	<u>\$ (11,841)</u>	<u>\$ 466,727</u>

**NOTE E – FAIR VALUE MEASUREMENTS**

FASB ASC Topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.
- Level 2      Inputs to the valuation methodology include
- Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2020 and 2019.

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE E – FAIR VALUE MEASUREMENTS (Continued)**

*Common stocks and corporate bonds:* Valued at the closing price reported in the active market in which the individual securities are traded.

*Mutual and exchange-traded funds (ETF):* Valued at the net asset value (NAV) of shares, based on quoted market prices, held by the Fund as of the end of the year.

*Hedge funds:* Valued at the net asset value, or its equivalent (NAV) as a practical expedient, of shares held by the Fund as of the end of the year. The hedge fund has no unfunded commitments but does have liquidity/redemption restrictions. The notice date to sell the hedge fund is the 25<sup>th</sup> calendar day of the second month prior to that containing the date as of which the hedge fund shares are to be repurchased are valued by the hedge fund.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash and cash equivalents are included in investments on the statement of financial position but are not subject to fair value under FASB ASC Topic 820. The following tables set forth by level, within the fair value hierarchy, the Fund's assets at fair value as of June 30, 2020 and 2019:

Assets at fair value as of June 30, 2020 consist of:

	Level 1	Level 2	Level 3	Total
Common stock - equity	\$ 4,475,550	\$ -	\$ -	\$ 4,475,550
Corporate bonds - fixed income	834,484	-	-	834,484
Mutual funds and ETFs:				
Fixed income	1,936,038	-	-	1,936,038
Non-traditional	869,111	-	-	869,111
Equities	2,243,243	-	-	2,243,243
	\$ 10,358,426	\$ -	\$ -	10,358,426
Cash and cash equivalents				182,759
Hedge fund valued at NAV				615,574
Total investments				\$ 11,156,759

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE E – FAIR VALUE MEASUREMENTS (Continued)**

Assets at fair value as of June 30, 2019 consist of:

	Level 1	Level 2	Level 3	Total
Common stock - equity	\$ 4,481,466	\$ -	\$ -	\$ 4,481,466
Corporate bonds - fixed income	788,650	-	-	788,650
Mutual funds and ETFs:				
Fixed income	1,908,923	-	-	1,908,923
Non-traditional	831,017	-	-	831,017
Equities	2,401,200	-	-	2,401,200
	<b>\$ 10,411,256</b>	<b>\$ -</b>	<b>\$ -</b>	<b>10,411,256</b>
Cash and cash equivalents				200,437
Hedge fund valued at NAV				777,826
Total investments				<b>\$ 11,389,519</b>

**NOTE F – NET ASSET CLASSIFICATIONS**

PURPOSE RESTRICTED NET ASSETS

The purposes of the purpose restricted funds are as follows:

- The *EFI-Awards Account* provides awards subsidies to SWE for awards as determined by the Board of Directors.
- The *EFI-Scholarship Account* provides scholarships, awards, and other financial assistance and encouragement to students of engineering.
- The *SWE-EFI Designated Fund* was established in May 2014. The SWE-EFI Designated Fund allows the Society's regions, sections, or MAL organization to endow funds to be used for their specific purposes in support of SWE's mission. Income will be paid to each donor group in accordance with the SWE-EFI investment policy. Effective June 30, 2018, the regions were dissolved.

PERPETUALLY ENDOWED NET ASSETS

Perpetually endowed net assets are required to be held indefinitely and consist of the following:

EFI – Scholarship Account:

Ada I. Pressman Memorial Scholarship  
 Admiral Grace Murray Hopper Scholarship  
 Alice May Anderson Memorial Scholarship Fund  
 Alma Kuppinger Forman, PE Scholarship  
 Anne Maureen Whitney Barrow Memorial Scholarship  
 Anne Shen Smith Scholarship  
 B.J. Harrod Memorial Scholarship

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE F – NET ASSET CLASSIFICATIONS (Continued)**

PERPETUALLY ENDOWED NET ASSETS (Continued)

EFI – Scholarship Account: (Continued)

BK Krenzer Memorial Reentry Scholarship  
Baltimore Washington Section Freshman Scholarship  
Baltimore Washington Section Scholarship  
Betty Lou Bailey SWE Scholarship  
Bertha Lamme Memorial Scholarship  
Boston Section Scholarship  
Brill Family Scholarship  
Carol Stephens SWE Scholarship  
Central Illinois Section Scholarship  
Central New Mexico - Pioneers Scholarship  
Central New Mexico - Reentry Scholarship  
Columbia River Section Scholarship  
Detroit SWE 4 Life Endowed Scholarship  
Dorothy Lemke Howarth Memorial Scholarship  
Dorothy P. Morris Scholarship  
Dr. Celeste Belcastro Memorial Scholarship  
Dr. Ivy M. Parker Memorial Scholarship  
Dr. Paula Marie Stenzler Legacy Scholarship for Engineering  
Elizabeth McLean Memorial Scholarship  
Ellen Hippeli Memorial Scholarship  
Ford Motor Company Scholarships  
Freeman Family Scholarship  
Golden West Region Legacy Scholarship  
IBM Linda Sanford Women's Technical Advancement Scholarship  
Jill S. Tietjen, P.E. Scholarship  
Josie E. Rewald Memorial Scholarship  
Judith Resnik Memorial Scholarship  
Judy Simmons Memorial Scholarship  
Katherine F. Lindquist Memorial Scholarship  
Lillian Moller Gilbreth Memorial Scholarship  
Lonnie Lee and Maria Elena Abernethy Endowment for Native  
Americans in Engineering  
Lois Aileen Bey Memorial Scholarship  
Lydia I. Pickup Memorial Scholarship  
Margaret (Pritch) Pritchard Memorial Scholarship  
Margaret R. Brewster Scholarship  
Martha Maxwell Memorial Scholarship  
Mary Gunther Memorial Freshman Scholarship  
Mary Gunther Memorial Upperclass Scholarship  
Mary Jones Berry Scholarship  
Mary V. Munger Memorial Scholarship  
MASWE Scholarship  
Meredith Thoms Memorial Scholarship  
Mid-Hudson Section Scholarship  
Northwest Star Legacy Scholarship



**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE F – NET ASSET CLASSIFICATIONS (Continued)**

PERPETUALLY ENDOWED NET ASSETS (Continued)

EFI – Scholarship Account: (Continued)

Olive Lynn Salembier Memorial Reentry Scholarship  
Past Presidents Scholarship  
Paula Loring Simon Scholarship  
Phoenix Section Scholarship  
Richmond Area Section Scholarship  
Roberta Banaszak Gleiter Engineering Endeavor Scholarship  
Roberta Marie Stinson Scholarship  
Rochelle Nicolette Perry Memorial Scholarship  
SWE Central Indiana Section Scholarship  
SWE Chicago Regional Section Scholarship  
SWE Detroit Past Presidents Scholarship  
SWE Heartland Scholarships  
SWE Kansas City Section Scholarship  
SWE Los Angeles Section Scholarship  
SWE Minnesota Section Scholarship  
SWE New Jersey Section Scholarship  
SWE Ohio State Section Scholarship  
SWE Quad Cities/Muscatine Section Scholarship  
SWE Rocky Mountain Section Scholarships  
SWE Santa Clara Valley – Al Gardner Memorial Scholarship  
SWE Santa Clara Valley – Esther Williams Memorial Scholarship  
SWE Santa Clara Valley – Irmgard Flugge-Lotz Memorial Scholarship  
SWE Santa Clara Valley – Mary G. Ross Memorial Scholarship  
SWE Santa Clara Valley – Mary Nell Rogers Memorial Scholarship  
SWE-OC Endowed Scholarship  
Sharon Cascadden Memorial Scholarship  
Sonora Region B Scholarship  
Southeast Diamond Scholarship  
Susan Miszkowicz September 11 Memorial Scholarship  
Susan and Marvin Whatley Scholarship  
Susan E. Stutz McDonald Scholarship  
University of Alabama -Tuscaloosa Collegiate Section Scholarship  
University of Minnesota - Twin Cities Scholarship  
Virginia Counts / Betty Irish SWE for Life Scholarship  
Wanda Munn Scholarship  
Wendy Landwehr Memorial Scholarship  
Willamette Valley Section Scholarship  
Wolfs Family Scholarship  
Woon Family Scholarship

EFI – Awards Account:

Boeing Multi-Cultural Fund  
Motorola Multi-Cultural Fund  
Northrop Grumman Suzanne Jenniches Upward Mobility Fund

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE F – NET ASSET CLASSIFICATIONS (Continued)**

PERPETUALLY ENDOWED NET ASSETS (Continued)

EFI – Designated Funds:

Cathy Pieronek Memorial Public Policy Fund  
Pittsburgh STEM Outreach Fund  
SWE Members at Large Leadership Travel Fund  
SWE Tuscon Designated Operating Fund

**NOTE G – ENDOWMENT**

*Interpretation of Relevant Law*

The governing body has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Fund and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Fund
- (7) The investment policies of the Fund

*Return Objectives and Risk Parameters*

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Fund must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a diversified asset portfolio so that on an annualized, net-of-fees and expenses basis, the total return goal of the portfolio will be to equal or exceed the spending rate, administrative fees, plus inflation (CPI) without assuming undue risk. The Fund’s investments are allocated between equities, fixed income, alternatives and cash. Each investment category has a target weight, a minimum weight, and a maximum weight. Investments are managed by an external management company and monitored by the Board of Trustees.

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE G – ENDOWMENT (Continued)**

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

It is the Fund's current spending policy target to annually distribute four percent (4%) for the stated charitable purposes based on the percentage of total fund balance at close of prior year. In establishing this policy, the Society considered the long-term expected return and preservation of principal on its endowment. Accordingly, over the long-term, the Fund expects on an annualized, net-of-fees and expenses basis, the total return goal of the portfolio will be equal to or exceed the spending rate, administrative fees, plus inflation over a rolling five-year period. This is consistent with the Fund's objective to maintain the purchasing power of the endowment assets held in perpetuity.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at year end.

Endowment Net Asset Composition by Type of Fund at June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions
Boeing Award	\$ -	\$ 25,000
Motorola Award	-	40,000
Northrop Grumman Award	-	86,400
EFI-Designated Fund	-	139,525
EFI-Award Accounts	-	57,198
EFI-Scholarship Account	-	7,752,714
	<u>\$ -</u>	<u>\$ 8,100,837</u>

**SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE G – ENDOWMENT (Continued)**

Endowment Net Asset Composition by Type of Fund at June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions
Boeing Award	\$ -	\$ 25,000
Motorola Award	-	40,000
Northrop Grumman Award	-	86,400
EFI-Designated Fund	-	109,411
EFI-Award Accounts	-	57,198
EFI-Scholarship Account	-	7,949,857
	<u>\$ -</u>	<u>\$ 8,267,866</u>

Changes in Endowment Net Assets for the fiscal year ending June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, July 01, 2018	\$ -	\$ 8,025,199
Investment income	-	371,492
Contributions	-	239,663
Appropriation of endowment assets for expenditure	-	(368,488)
June 30, 2019	<u>-</u>	<u>8,267,866</u>
Investment income	-	37,726
Contributions	-	184,264
Appropriation of endowment assets for expenditure	-	(389,019)
June 30, 2020	<u>\$ -</u>	<u>\$ 8,100,837</u>

## SOCIETY OF WOMEN ENGINEERS ENDOWMENT FUND, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE H – ACCOUNTING CHANGE

##### ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. Adoption of the standard by private companies is required for annual reporting periods beginning after December 15, 2019. Effective for the year ended June 30, 2020, the Fund elected to early adopt ASC 606 and changed its method of accounting for revenue from contracts with customers to conform to the new amendment to generally accepted accounting principles (GAAP) that prescribe new rules regarding the recognition, measurement, presentation and disclosure of revenue and related contract acquisition and fulfillment costs. The Fund adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of July 1, 2019. Results for reporting periods beginning after July 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effective adjustment was recorded.

##### ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)

In August 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which provides enhanced guidance for contribution transactions that are not within the scope of Topic 606. Effective for the year ended June 30, 2020, the Fund adopted the provisions in the ASU for 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions), (2) determining whether a contribution received or made is conditional. The Organization adopted ASU 2018-08 using the modified prospective approach applied to the unrecognized portion of contracts not completed as of July 1, 2019 and all new contracts. The adoption of ASU 2018-08 did not result in a change to the Fund's accounting for its contribution transactions.

#### NOTE I – RECENT ACCOUNTING PRONOUNCEMENTS

##### LEASES

*ASU 2016-02, Leases (Topic 842)* becomes effective on January 1, 2022, for fiscal year non-public entities, but early adoption is permitted at any time. The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. Generally, all leases will be captured on the balance sheet for lessees at transition, as there is no grandfathering of existing operating leases. The Fund is currently evaluating the impact this standard will have on the financial statements when adopted.

#### NOTE J – SIGNIFICANT EVENT

During the year ended June 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) has had a significant impact on the world economy. Many industries have been required to limit or suspend business operation and have implemented travel restrictions. These actions have disrupted supply chains and curtailed operations of many companies around the world. There has also been significant fluctuations in financial markets. It is anticipated that these impacts will continue for some time. At this time, management feels the estimates regarding collectability of receivables and fair value of investments do not need to be adjusted. Changes to the overall operating environment may increase operating costs. The long-term effect of these events cannot be estimated at this time.