

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2022



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**SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULES OF AGENCY FUNDS	19
SCHEDULES OF CONTRIBUTIONS AND SPONSORSHIPS	20



INDEPENDENT AUDITORS' REPORT

Board of Directors
Sorooptimist International of the Americas, Inc.
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sorooptimist International of the Americas, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sorooptimist International of the Americas, Inc. as of August 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 12 to the financial statements, a prior period adjustment was necessary to properly record the valuation of the endowment balances resulting in an overstatement of net assets with donor restriction as of August 31, 2021. Accordingly, an adjustment has been made to net assets with donor restrictions as of August 31, 2021, to correct the error. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sorooptimist International of the Americas, Inc. 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 Soroptimist International of the Americas, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Soroptimist International of the Americas, Inc.'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 Soroptimist International of the Americas, Inc.'s ability to continue as a going concern for a reasonable period of time.

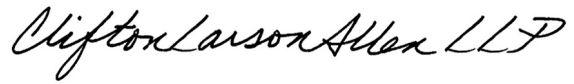
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedules of contributions and sponsorships on page 21 has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have not audited the supplementary Agency information on page 19. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
August 30, 2023

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 3,805,448
Accounts Receivable	28,947
Pledges Receivable, Net	432,454
Inventory	133,436
Prepaid Expenses	127,427
Investments	10,085,363
Split-Interest Agreements	14,648
Property and Equipment, Net	<u>1,396,829</u>
 Total Assets	 <u><u>\$ 16,024,552</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 567,877
Agency Funds	44,152
Deferred Revenue	<u>1,739,315</u>
Total Liabilities	<u>2,351,344</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	2,627,635
Board Designated - Endowment	1,437,911
Board Designated - Building Reserve	<u>100,116</u>
Total Without Donor Restrictions	<u>4,165,662</u>
With Donor Restrictions	<u>9,507,546</u>
Total Net Assets	<u><u>13,673,208</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 16,024,552</u></u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual Dues	\$ 2,074,934	\$ -	\$ 2,074,934
Convention and Meetings	617,455	-	617,455
Sales, Net of Cost of Sales of \$40,003	231,676	-	231,676
Contributions	1,427,590	2,148,166	3,575,756
Corporate and Foundation Philanthropy	110,000	-	110,000
In-Kind Contributions	482,217	-	482,217
Investment Return, Net	(712,633)	(1,110,293)	(1,822,926)
Miscellaneous	1,480	-	1,480
Gain on Extinguishment of Paycheck Protection Program Loan	150,000	-	150,000
Net Assets Released from Restrictions	<u>2,886,187</u>	<u>(2,886,187)</u>	<u>-</u>
Total Revenue and Support	<u>7,268,906</u>	<u>(1,848,314)</u>	<u>5,420,592</u>
EXPENSES			
Personnel Costs	2,697,855	-	2,697,855
Grants and Other Assistance	363,600	-	363,600
Convention	257,827	-	257,827
Travel, Training, and Meetings	297,974	-	297,974
Translation and Interpretation	208,287	-	208,287
Information Technology	325,193	-	325,193
Promotion and In-Kind Advertising	497,554	-	497,554
Other Professional Services	257,055	-	257,055
Occupancy	61,556	-	61,556
Office Expenses	59,063	-	59,063
Insurance	143,844	-	143,844
Soroptimist International Dues	176,936	-	176,936
Dream Big Exposure	120,632	-	120,632
Depreciation	123,621	-	123,621
Fees and Other	<u>86,350</u>	<u>-</u>	<u>86,350</u>
Total Expenses	<u>5,677,347</u>	<u>-</u>	<u>5,677,347</u>
CHANGES IN NET ASSETS	1,591,559	(1,848,314)	(256,755)
Net Assets - Beginning of Year, as Restated	<u>2,574,103</u>	<u>11,355,860</u>	<u>13,929,963</u>
NET ASSETS - END OF YEAR	<u>\$ 4,165,662</u>	<u>\$ 9,507,546</u>	<u>\$ 13,673,208</u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Activities						Supporting Activities			
	Program Services	Member Services	Governance	Soroptimist International	Convention and Meetings	Product Sales	Total Programs	Administration	Fundraising	Total
Personnel Costs:										
Payroll and Payroll Taxes	\$ 274,045	\$ 362,472	\$ 289,160	\$ 28,152	\$ 225,199	\$ 69,916	\$ 1,248,944	\$ 278,147	\$ 642,723	\$ 2,169,814
Benefits	68,645	84,487	68,645	5,280	58,085	15,841	300,983	73,926	153,132	528,041
Total Personnel Costs	342,690	446,959	357,805	33,432	283,284	85,757	1,549,927	352,073	795,855	2,697,855
Grants and Other Assistance	359,600	4,000	-	-	-	-	363,600	-	-	363,600
Special Events and Meetings	-	-	1,036	-	256,765	-	257,801	26	-	257,827
Travel, Training, and Meetings	1,740	10,061	60,320	120	152,938	359	225,538	44,636	27,800	297,974
Translation and Interpretation	23,106	25,692	95,106	19	48,090	57	192,070	666	15,551	208,287
Information Technology	42,403	51,949	42,407	3,247	35,715	9,740	185,461	45,575	94,157	325,193
Promotion and In-Kind Advertising	63,935	88,165	64,296	4,918	58,511	14,754	294,579	71,730	131,245	497,554
Other Professional Services	40,894	49,208	20,289	1,511	20,018	4,533	136,453	35,165	85,437	257,055
Occupancy	8,002	9,849	8,002	616	6,771	1,847	35,087	8,618	17,851	61,556
Office Expenses	7,893	10,428	10,054	572	6,632	1,716	37,295	1,464	20,304	59,063
Insurance	6,388	102,569	6,388	491	5,405	1,474	122,715	6,879	14,250	143,844
Soroptimist International Dues	-	-	-	176,936	-	-	176,936	-	-	176,936
Dream Big Expense	50,000	-	-	-	-	-	50,000	-	70,632	120,632
Depreciation	15,193	18,700	15,193	1,169	12,856	3,506	66,617	23,111	33,893	123,621
Fees and Other	8,184	9,737	8,028	607	22,888	1,820	51,264	10,015	25,071	86,350
Total Expenses by Function	970,028	827,317	688,924	223,638	909,873	125,563	3,745,343	599,958	1,332,046	5,677,347
Total Functional Expenses	\$ 970,028	\$ 827,317	\$ 688,924	\$ 223,638	\$ 909,873	\$ 125,563	\$ 3,745,343	\$ 599,958	\$ 1,332,046	\$ 5,677,347

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (256,755)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	123,621
Discount on Pledge Receivable	(24,879)
Net Realized and Unrealized Losses on Investments	2,295,957
Forgiveness from Paycheck Protection Program Loan	(150,000)
(Increase) Decrease in:	
Accounts Receivable	(18,001)
Inventory	8,922
Prepaid Expenses	9,969
Pledges Receivable	134,469
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(78,419)
Agency Funds	29,253
Deferred Revenue	14,401
Net Cash Provided by Operating Activities	2,088,538

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	(335,443)
Purchases of Investments	(418,303)
Net Cash Used by Investing Activities	(753,746)

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,334,792

Cash and Cash Equivalents - Beginning of Year

2,470,656

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,805,448

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 1 NATURE OF OPERATIONS

Soroptimist International of the Americas, Inc. (SIA) (the Organization) is a global organization whose volunteer members empower women and girls through access to education. Since our founding in 1921, we have grown to include tens of thousands of Soroptimists in countries and territories across North America, Latin American, and the Pacific Rim. Powered by our volunteer members, each of our nearly 1,200 clubs support community-based and global projects benefiting women and girls. Since our signature Dream Programs began, we have helped more than 139,000 women and girls reach their goals. Program projects of the Organization include:

The *Live Your Dream: Education and Training Awards for Women* have provided over \$41 million in education cash awards to more than 41,000 women since its inception in 1972. Soroptimist invests in women's education because education is the pathway to economic empowerment, and it has the potential to transform lives and communities. The *Live Your Dream Awards* assist women who provide the primary financial support for their families and face obstacles including poverty, teen pregnancy, and drug or alcohol addiction.

Dream It, Be It: Career Support for Girls has reached more than 117,000 girls across 14 countries and territories since the program launched in 2015. *Dream It, Be It* provides girls with access to professional role models, career education, and the resources to be happy, successful adults. Soroptimist clubs work with girls through a seven-session curriculum in small groups or a conference setting to give girls the tools they need to achieve their education and career goals and empowering girls to break cycles of poverty, violence, and abuse.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers short-term securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at net realizable value. Management estimates the accounts to be fully collectible and therefore no allowance for bad debts has been recorded. Accounts receivable are written off when determined to be uncollectible based upon management's assessment of the individual accounts. Receivables are considered to be delinquent when they are 90 days past their due date.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of jewelry, supplies, and other items with the Organization insignia, and is stated at the lower of cost or net realizable values; cost is determined on the average costs basis.

Pledge Receivable

Unconditional promises to give are recognized as contribution revenue in the period received and as assets. Promises to give are recorded at present value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization evaluates the pledge receivable for collectability on an individual account basis.

Investments

Investments are stated at fair value which is determined by quoted market prices. Donated investments are recorded as contributions at fair value at the time of the donation. Net investment return comprises interest, dividends, realized and unrealized gains and losses net of external investment expenses. Realized gains and losses are computed using the specified identification cost method and recorded in the statement of activities.

Property and Equipment

Property and equipment are stated at cost. Items over \$1,000 considered to have useful life of longer than one year are capitalized. Depreciation is provided over the estimated useful lives of the respective assets and is calculated on the straight-line basis over the following useful lives:

Computer Software	3 Years
Computer Hardware	3 to 5 Years
Furniture and Fixtures	5 to 10 Years
Building and Improvements	30 Years

Split-Interest Agreements

The Organization has received a contribution in a charitable remainder unitrust.

Under the charitable remainder unitrust arrangement, the Organization is not the trustee and does not exercise control over the assets contributed to the trust; therefore, the Organization recognizes this arrangement as beneficial interest in a trust. The Organization has recorded as a beneficial interest the fair value of the beneficial interest based on the present value of the estimated future benefits to be received when the trust assets are distributed. The discount rate used in calculating the present value of these future benefits was 5%. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as changes in the value of split-interest agreements in net assets with donor restrictions.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restriction or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. A contribution is conditional if a right of return or right of release exists as well as a barrier. The conditional contribution is recognized once the conditions have been met. Gifts of cash and other assets are reported with donor-restricted contributions if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions that are received and expended within the same fiscal year are reported as support with donor restrictions.

Net Assets

Net assets are categorized 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 without donor restrictions may be designated for certain purposes by the board of directors. As of August 31, 2022, the board of directors designated \$110,116 for capital improvements or building emergencies and also a board designated endowment balance of \$1,437,911.

Net Assets with Donor Restrictions – Net assets are subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources by maintained in perpetuity.

Revenue Recognition and Deferred Revenue

The Organization applies the five-step revenue model under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (Topic 606) to determine when revenue is earned and recognized. Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Annual membership dues are recognized over time over the applicable membership period that runs from July 1st to June 30th annually. Membership dues collected in advance are recorded as deferred revenue. Convention and meetings revenue includes mandatory fees paid by clubs, nondelegate registration fees, sponsorships related to a specific event as well as other revenue and is recognized when the convention or meeting takes place, and the services are provided to the attendee. Sales are recognized at a point in time when the product is shipped to the customer.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Revenue (Continued)

The following table show the Organization's deferred revenue activity for the year ended August 31:

	<u>Annual Dues</u>	<u>Convention and Meetings</u>	<u>Total</u>
Deferred Revenue – Beginning of Year	\$ 1,605,454	\$ 119,460	\$ 1,724,914
Increase in Deferred Revenue Due to			
Cash Collections During the Year	2,208,795	497,995	2,706,790
Recognition of Revenue as Performance			
Obligations are Met	<u>(2,074,934)</u>	<u>(617,455)</u>	<u>(2,692,389)</u>
Total	<u>\$ 1,739,315</u>	<u>\$ -</u>	<u>\$ 1,739,315</u>

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In kind donations are recorded as contributions at their fair values at the date of donation. During the year ended August 31, 2022, the Organization received \$482,217 in donated services, which consisted of donated advertising services in the amount of \$471,582 and donated legal services in the amount of \$10,635 that were both allocated across all program and supporting functions. No in-kind gifts were received during the year ended August 31, 2022.

Agency Funds

The Organization receives funds from member clubs on behalf of other organizations, which it holds, and periodically makes remittances to them. These funds are not owned by the Organization, nor does it exercise discretion over receipts or disbursements. Consequently, they are included as a liability on the statement of financial position. Receipts and disbursements of agency funds are not included in the statement of activities.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization follows the accounting guidance for uncertainty in income taxes using the Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the position will be sustained upon examination of the tax authorities. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties.

The Organization's federal tax return is subject to audit by taxing authorities. As of August 31, 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The 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 lower 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 that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

The following table represents the Organization’s fair value hierarchy of financial instruments, excluding money market funds, measured at fair value on a recurring basis as of August 31:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 10,085,363	\$ -	\$ -	\$ 10,085,363
Split-Interest Agreements	-	-	-	-
Total Assets	<u>\$ 10,085,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,085,363</u>

The following table provides quantitative information about the Organization’s Level 3 fair value measurements:

Type of Assets	Fair Value at August 31, 2022	Principal Valuation Technique	Unobservable Inputs Value of Underlying Assets
Split-Interest Agreements	<u>\$ 1,396,829</u>	FMV of Trust Investments	

Functional Expenses

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis as determined by management. The expenses that are allocated include personnel costs, depreciation, headquarters insurance, information technology, certain office and occupancy, professional services and other expenses, which are allocated on the basis of estimates of time and effort. Costs of the marketing and communication department are allocated based on the estimates of benefit received.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 30, 2023, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY

Financial assets available for general expenditure, within one year of the statement of financial position date comprise the following at August 31, 2022:

Cash and Cash Equivalents	\$ 3,805,448
Accounts Receivable	28,947
Pledge Receivable, Current	272,808
Investments	10,085,363
Less: Endowment	(8,792,444)
Less: Agency Funds	(44,152)
Total	<u>\$ 5,355,970</u>

The Organization's financial assets as of August 31, 2022 are reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions. The Organization's policy is to maintain a minimum cash and cash equivalent balance to cover three months of operating expenses.

The Organization's endowment fund is subject to an annual spending rate of up to 10% (see Note 10) which may be used to supplement operating income.

NOTE 4 CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable due to be collected as of August 31 were as follows:

Receivables in Less Than One Year	\$ 272,808
Receivables in One to Five Years	194,132
Subtotal	466,940
Less: Discount on Long-Term Pledges and Allowance for Doubtful Accounts	(34,486)
Total	<u>\$ 432,454</u>

As of August 31, 2022, the Organization applied a discount rate of approximately 5% to new pledges in the current year, in order to calculate the present value of pledges receivable due to be collected beyond one year.

As of August 31, 2022, three donors accounted for approximately 34% of gross pledges receivables.

NOTE 6 INVESTMENTS

Investments are composed of the following as of August 31:

Mutual Funds	<u>\$ 10,085,363</u>
Total Assets	<u>\$ 10,085,363</u>

Mutual funds of \$135,492 as of August 31, 2022 represent funds restricted for the former executive director's pension (see Note 10). A corresponding liability is included in accounts payable and accrued expenses.

The net investment return is as follows for the year ended August 31:

Interest and Dividends	\$ 502,034
Unrealized Loss on Investments	(2,295,957)
Investment Expenses	(29,003)
Total	<u>\$ (1,822,926)</u>

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of August 31:

Land	\$ 28,000
Computer Software	139,920
Computer Hardware	254,202
Furniture and Fixtures	54,538
Building and Improvements	<u>2,719,784</u>
Total	3,196,444
Less: Accumulated Depreciation	<u>(1,799,615)</u>
Total Property and Equipment	<u><u>\$ 1,396,829</u></u>

Depreciation expense for the year ended August 31, 2022 was \$123,621.

NOTE 8 PAYROLL PROTECTION PROGRAM LOAN

In January 2021, the Organization received a loan in the amount of \$150,000 pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by the Keeping American Workers Employed and Paid Act which is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), enacted on March 27, 2020. The PPP was established to provide economic stimulus and funding to businesses affected by the COVID-19 pandemic. The PPP note is forgivable subject to the Organization meeting specific requirements related to the use of the funds and good-faith certification requirements related to eligibility for the loan. In order to receive the forgiveness of the loan, the Organization submitted a loan forgiveness application which was subject to review and approval by the bank and SBA. As of November 2, 2021, the Organization received full forgiveness of the loan and related interest which is recorded as a gain on extinguishment of debt in the year ending August 31, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 9 NET ASSETS

Net assets with donor restrictions are available for the following as of August 31, 2022:

Subject to Expenditure for Specified Purpose:	
Charitable Remainder Unitrust	\$ 14,648
Disaster Fund	237,220
Legacy	30,780
Subject to Time Restrictions - Dream Big	432,454
Endowments Subject to the Organization's	
Endowment Spending Policy and Appropriation	172,473
Subject to be Held in Perpetuity	<u>8,619,971</u>
Total	<u><u>\$ 9,507,546</u></u>

NOTE 10 RETIREMENT PLANS

The Organization provides a deferred contribution savings plan for its employees under Section 401(k) of the IRC. Employees may contribute a percentage of their salary, up to federal limits. The Organization matches employee contributions up to 3%. In addition, the Organization makes an additional contribution of 3% based on the employees' annual compensation. For the year ended August 31, 2022, employer contributions to the plan were \$87,235.

In addition, the Organization provides a supplemental pension plan for the former executive director under Section 457 of the IRC. The Organization made no contributions to the plan for the year ended August 31, 2022. Funds are maintained in a separate investment account and are included within investments on the statement of financial position. The balance in the accounts at August 31, 2022 was \$135,492.

NOTE 11 ENDOWMENT

The Organization follows FASB Staff Position 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of UPMIFA, but the Organization is required by FASB ASC 958-205 to disclose certain matters associated with its endowment fund. Endowment funds subject to FASB ASC 958-205 include all net assets with donor restrictions to be held in perpetuity, excluding beneficial interest in perpetual trusts, and the income generated by these endowment funds held in perpetuity, subject to donor restrictions.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 11 ENDOWMENT (CONTINUED)

The Organization's endowment, known as the Restricted Reserve Fund, consists of donor-restricted endowment funds from which income is available for the general benefit of the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's board of directors has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. The Organization classifies as donor restricted net assets the original value of gifts donated to the donor-restricted endowment and the original value of subsequent gifts made to the donor-restricted endowment.

The net investment return includes interest, dividends, realized gains/losses and unrealized gains/losses that is allocated ratably across the endowment funds based on the beginning of the year division of with and without donor restrictions endowment balances.

The Organization has adopted investment and spending policies for the endowment funds that attempt to provide a predictable stream of funding to supplement operating income while maintaining the purchasing power of the endowment funds. The Organization's practice is to permit spending from underwater funds depending on various factors, including the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations.

Funds with Deficiencies

From time to time, the fair value of assets associated with a donor-restricted endowment fund may fall below the level that the donor or state law requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at August 31, 2022.

Return Objectives and Risk Parameters

The risk measure of the portfolio is to have no loss in any quarter or consecutive down quarters of more than 10% to 15%. This risk figure is measured continuously and not over a market cycle. For practical purposes, this will be measured as decline in value from the last positive quarter. The total return should meet or exceed the total of the revenue target including the rate of inflation and fees. The specific asset allocation for this portfolio will be set by the investment manager and the Organization's board of directors. Allocation provisions will be reviewed on a regular basis and may be changed from time to time by the Organization's board of directors. In general, the ratio of equity funds to fixed income funds in the portfolio should approximate 80:20 for restricted funds, and 20:80 for unrestricted funds. The investment policy also allows for the restricted fund to hold real estate assets in the portfolio. These allocations may fluctuate within 10% at the discretion of the Investment Manager.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 11 ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

The Restricted Reserve shall be invested in a portfolio of quality equity funds and fixed income funds and real estate which shall provide safety through diversification of investments and may reflect varying rates of return provided the overall rate of return is consistent with the risk that the Organization's board of directors is willing to accept.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In order to meet program and operating goals, the Organization's board of directors may authorize withdrawals from the restricted reserves of up to 10% on an annual basis. A three-year rolling average of the portfolio's market value, using no less than six observations, shall be used as the basis for this calculation. The Endowment spend has been withdrawn and allocated to the Unrestricted Reserve Fund until the Organization determines to withdraw to cover operating deficits.

Change in endowment net assets for the fiscal year ended August 31:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 1,013,141	\$ 10,531,368	\$ 11,544,509
Investment Return	(103,745)	(1,110,293)	(1,214,038)
Appropriations for Operating Expenses	628,631	(628,631)	-
Net Assets - End of Year	<u>\$ 1,538,027</u>	<u>\$ 8,792,444</u>	<u>\$ 10,330,471</u>

NOTE 12 RESTATEMENT OF OPENING NET ASSETS

Management determined there was a net asset classification error previously reported as of August 31, 2021 that was discovered during the current year. The net impact of this error was an understatement of net assets without donor restriction of \$277,708, and an overstatement of net assets with donor restrictions by the same amount as of August 31, 2021.

The cumulative effect of the restatement is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - August 31, 2021 as Originally Reported	\$ 2,296,395	\$ 11,633,568	\$ 13,929,963
Cumulative Change in Net Assets - Prior Period Adjustment	<u>277,708</u>	<u>(277,708)</u>	<u>-</u>
Net Assets - August 31, 2021 as Restated	<u>\$ 2,574,103</u>	<u>\$ 11,355,860</u>	<u>\$ 13,929,963</u>

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
SCHEDULE OF AGENCY FUNDS (UNAUDITED)
YEAR ENDED AUGUST 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Fund</u>	<u>Beginning Balance</u>	<u>Contributions Received</u>	<u>Distributions</u>	<u>Ending Balance</u>
December 10th Appeal - Soroptimist International President's Appeal	<u>\$ 14,899</u>	<u>\$ 75,975</u>	<u>\$ (83,398)</u>	<u>\$ 7,476</u>

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
SCHEDULE OF CONTRIBUTIONS AND SPONSORSHIPS
YEAR ENDED AUGUST 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

Unrestricted Contributions:	
Founders Pennies	\$ 111,324
Club Giving	545,508
Program Support	62,710
Legacy/Bequests	70,576
Unrestricted Support	<u>637,472</u>
Total Unrestricted Contributions	1,427,590
Donor Restricted Contributions:	
Dream Big Campaign	1,969,945
Dream It Be It	44,359
Live Your Dream Awards	133,562
Disaster Recovery	<u>300</u>
Total Donor Restricted Contributions	<u>2,148,166</u>
Subtotal	3,575,756
Corporation and Foundation Philanthropy	<u>110,000</u>
Total Contributions	3,685,756
Other:	
In-Kind Revenue - Marketing	471,582
In-Kind Revenue - Other	<u>10,635</u>
Total Contributions and Sponsorships	<u><u>\$ 4,167,973</u></u>