



THE FORTÉ FOUNDATION
Financial Statements
(With Independent Auditors' Report)
December 31, 2023 and 2022



Independent Auditors' Report

The Board of Directors of
The Forté Foundation

Opinion

We have audited the accompanying financial statements of The Forté Foundation, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Forté Foundation as of December 31, 2023 and 2022, and the results of its operations and 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 audits 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 Forté Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Forté Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Forté 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 Forté 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.

Bauer & Company, LLC

BAUER & COMPANY, LLC

Austin, Texas

August 26, 2024

THE FORTÉ FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

| ASSETS | 2023 | 2022 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 2,685,987 | \$ 2,360,115 |
| Short term investments | 500,000 | 648,021 |
| Accounts receivable, net | 317,801 | 507,361 |
| Prepaid expenses and other current assets | 226,945 | 183,855 |
| Total assets | <u>\$ 3,730,733</u> | <u>\$ 3,699,352</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | \$ 45,408 | \$ 43,433 |
| Accrued expenses | 258,345 | 270,730 |
| Deferred revenue | <u>1,921,415</u> | <u>1,885,388</u> |
| Total liabilities | <u>2,225,168</u> | <u>2,199,551</u> |
| Net Assets | | |
| Without donor restrictions (Note 4) | 1,405,565 | 1,499,801 |
| With donor restrictions (Note 4) | <u>100,000</u> | <u>-</u> |
| Total net assets | <u>1,505,565</u> | <u>1,499,801</u> |
| Total liabilities and net assets | <u>\$ 3,730,733</u> | <u>\$ 3,699,352</u> |

The notes to the financial statements are an integral part of this statement.

THE FORTÉ FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

| | 2023 | | | 2022 | | |
|---------------------------------|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Membership | \$ 3,442,456 | \$ - | \$ 3,442,456 | \$ 2,944,941 | \$ - | \$ 2,944,941 |
| Programs | 2,530,562 | - | 2,530,562 | 2,443,487 | - | 2,443,487 |
| Contributions | 423,364 | - | 423,364 | 301,664 | - | 301,664 |
| Grant | - | 100,000 | 100,000 | - | - | - |
| Other revenue | 341,743 | - | 341,743 | 299,595 | - | 299,595 |
| Total revenue and support | <u>6,738,125</u> | <u>100,000</u> | <u>6,838,125</u> | <u>5,989,687</u> | <u>-</u> | <u>5,989,687</u> |
| EXPENSES | | | | | | |
| Program services | 5,043,668 | - | 5,043,668 | 4,629,753 | - | 4,629,753 |
| General and administrative | 1,053,496 | - | 1,053,496 | 857,739 | - | 857,739 |
| Fundraising | 735,197 | - | 735,197 | 674,509 | - | 674,509 |
| Total expenses | <u>6,832,361</u> | <u>-</u> | <u>6,832,361</u> | <u>6,162,001</u> | <u>-</u> | <u>6,162,001</u> |
| CHANGE IN NET ASSETS | <u>(94,236)</u> | <u>100,000</u> | <u>5,764</u> | <u>(172,314)</u> | <u>-</u> | <u>(172,314)</u> |
| Net assets at beginning of year | <u>1,499,801</u> | <u>-</u> | <u>1,499,801</u> | <u>1,672,115</u> | <u>-</u> | <u>1,672,115</u> |
| Net assets at end of year | <u>\$ 1,405,565</u> | <u>\$ 100,000</u> | <u>\$ 1,505,565</u> | <u>\$ 1,499,801</u> | <u>\$ -</u> | <u>\$ 1,499,801</u> |

The notes to the financial statements are an integral part of this statement.

THE FORTÉ FOUNDATION
Supplemental Schedule - Statement of Functional Expenses
For the Year Ended December 31, 2023

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Salaries | \$ 3,201,741 | \$ 674,160 | \$ 559,759 | \$ 4,435,660 |
| Conference costs | 1,052,721 | - | 56,750 | 1,109,471 |
| Travel | 135,317 | 86,873 | 42,961 | 265,151 |
| Marketing and advertisement | 348,444 | 25,066 | 25,664 | 399,174 |
| Professional fees | 23,740 | 155,687 | - | 179,427 |
| Miscellaneous | 12,508 | 88,698 | 4,807 | 106,013 |
| Technology | 173,133 | 20,900 | 8,057 | 202,090 |
| Fundraising | - | - | 28,755 | 28,755 |
| Telecommunications | 19,774 | 1,099 | 1,099 | 21,972 |
| Merchant fees | 58,500 | - | 5,185 | 63,685 |
| Supplies | 9,775 | 575 | 1,611 | 11,961 |
| Equipment and maintenance | 8,015 | 438 | 549 | 9,002 |
| Total expenses | <u>\$ 5,043,668</u> | <u>\$ 1,053,496</u> | <u>\$ 735,197</u> | <u>\$ 6,832,361</u> |

The notes to the financial statements are an integral part of this statement.

THE FORTÉ FOUNDATION
Supplemental Schedule - Statement of Functional Expenses
For the Year Ended December 31, 2022

| | Program Services | General and Administrative | Fundraising | Total |
|-----------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Salaries | \$ 2,777,393 | \$ 603,466 | \$ 556,187 | \$ 3,937,046 |
| Conference costs | 1,022,300 | - | - | 1,022,300 |
| Travel | 167,205 | 12,617 | 24,190 | 204,012 |
| Marketing and advertisement | 322,016 | 21,048 | 35,852 | 378,916 |
| Professional fees | 39,600 | 130,419 | - | 170,019 |
| Miscellaneous | 15,677 | 48,710 | 6,235 | 70,622 |
| Technology | 189,681 | 39,013 | 8,140 | 236,834 |
| Fundraising | - | - | 38,031 | 38,031 |
| Telecommunications | 17,719 | 984 | 984 | 19,687 |
| Merchant Fees | 52,101 | - | 2,742 | 54,843 |
| Supplies | 10,297 | 606 | 1,272 | 12,175 |
| Equipment and maintenance | 15,764 | 876 | 876 | 17,516 |
| Total expenses | \$ <u>4,629,753</u> | \$ <u>857,739</u> | \$ <u>674,509</u> | \$ <u>6,162,001</u> |

The notes to the financial statements are an integral part of this statement.

THE FORTÉ FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

| Cash flows from operating activities | 2023 | 2022 |
|--|---------------------|---------------------|
| Change in net assets | \$ 5,764 | \$ (172,314) |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 189,560 | (197,413) |
| Prepaid expenses and other current assets | (43,090) | (58,517) |
| Accounts payable | 1,975 | (26,774) |
| Accrued expenses | (12,385) | 77,801 |
| Deferred revenue | 36,027 | 249,393 |
| Net cash provided by (used in) operating activities | <u>177,851</u> | <u>(127,824)</u> |
| Cash flows used in investing activities | | |
| Purchase of short term investments | <u>148,021</u> | <u>(1,250,021)</u> |
| Net cash provided by (used in) investing activities | <u>148,021</u> | <u>(1,250,021)</u> |
| Net change in cash and cash equivalents | 325,872 | (1,377,845) |
| Cash and cash equivalents at beginning of year | <u>1,758,115</u> | <u>3,135,960</u> |
| Cash and cash equivalents at end of year | <u>\$ 2,083,987</u> | <u>\$ 1,758,115</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid during the year | \$ - | \$ - |
| Income taxes paid during the year | \$ - | \$ - |

The notes to the financial statements are an integral part of this statement.

THE FORTÉ FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - ORGANIZATION

The Forté Foundation (“Forté”) works to inspire women to pursue leadership careers in business and to increase their access to business education and business networks. Forté is funded by a consortium of leading business schools, companies, and nonprofit groups, and offers women a combination of scholarships, research, network development and learning and mentoring opportunities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Forté’s financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States (“GAAP”) for not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, Forté’s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of Forté and are not subject to donor-imposed stipulations.

Net assets with donor restrictions – consists of amounts that are subject to donor-imposed stipulations that will be met by Forté’s actions or the passage of time. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash in interest bearing checking accounts and money market accounts. Forté considers all highly liquid investments with a maturity of three months or less, purchased for use primarily in operations, to be cash equivalents.

Restricted Cash – Restricted cash consists of those amounts donated to Forté for use in specific programs or initiatives denoted by the donor.

Contributions and Grants – Contributions and grants received (including unconditional promises to give) are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions or grants with donor restrictions that increase that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

Conditional promises to give are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

Memberships - Membership revenue is deferred when member invoices are sent, and the membership value is recognized over the period the membership services are provided which is typically one year.

Programs - Program revenue is deferred and recognized once the programs and events have been held.

THE FORTÉ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue - As of December 31, 2021, the deferred revenue balance was \$1,635,995. Forté recognized \$44,833 and \$1,591,162 of the deferred revenue balance as revenue during the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2022, the deferred revenue balance was \$1,885,388. Forté recognized \$1,864,121 of the deferred revenue balance during the year ended December 31, 2023.

In-Kind Contribution - Contributed services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed goods are recognized at fair market value on the date received. The value of contributed services meeting the requirements for recognition in the financial statements was \$47,539 and \$85,469 for the years ended December 31, 2023 and 2022, respectively.

Receivables - Accounts receivable consists of amounts billed for membership and program fees. Annual membership fees are invoiced at the beginning of the contract period and revenue is recognized ratably over the life of the contract. The unrecognized portion of the contract is deferred and recognized in the subsequent year. As of December 31, 2023 and 2022, the unearned portion of receivables was \$172,875 and \$278,250, respectively.

Forté reviews the receivables periodically throughout the year. All receivables are recorded at fair value, net of estimated uncollectible amounts. Forté estimates the allowance based on its historical experience of the relationship between actual bad debts and accounts receivable. As of December 31, 2023 and 2022 the allowance for doubtful accounts was \$25,535 and \$25,535, respectively.

As of December 31, 2023 and 2022, accounts receivable was \$317,801 and \$507,361, respectively.

Functional Allocation of Expenses - The cost of providing the various programs and activities of Forté are presented on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated based on estimates of time and effort, and other non-salary payroll costs, such as medical, payroll fees, etc., which are allocated based on weighted-average estimates of the expense allocation. All other general and administrative expenses are allocated based on activity estimates.

Concentration of Credit Risk - Forté maintains cash balances at a high quality, federally insured financial institution. At various times during the years ended December 31, 2023 and 2022, balances in these accounts may have exceeded Federal Deposit Insurance Corporation ("FDIC") insured limits. Forté has not experienced and does not anticipate any credit losses on these deposits.

Compensated Absences - Forté accrued compensated absence balances of \$103,344 and \$90,080, as of December 31, 2023 and 2022, respectively.

Marketing and Advertising Expenses - Marketing and advertising costs are expensed as incurred. Forté incurred \$399,174 and \$378,916 in marketing and advertising expenses for the years ended December 31, 2023 and 2022, respectively.

THE FORTÉ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments - The carrying value of certain financial instruments, including cash, cash equivalents, investments, accounts receivable, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments.

Short Term Investments- Forté's short term investments consist of certificates of deposits with terms that range from three to six months and with effective interest rates ranging from 5.3%-5.5%.

Short term investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

The composition of Forté's short term investments at December 31, 2023 and 2022, was as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------|-------------|
| Certificates of deposits | \$ 500,000 | \$ 648,021 |

Investment income as of December 31, 2023 and 2022, was as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------|-------------|
| Certificates of deposits | \$ 63,009 | \$ 8,783 |

Income Taxes - Forté is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which Forté had no significant amounts for the years ended December 31, 2023 and 2022, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in Forté's financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Forté and recognize a tax liability (or asset) if Forté has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service. Management has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Forté files informational returns in the U.S. federal jurisdiction. With few exceptions, Forté is no longer subject to U.S. federal tax examinations by tax authorities for three years from the filing date.

Subsequent Events - Forté has evaluated subsequent events through August 26, 2024, the date the financial statements were available to be issued.

Recent accounting pronouncements

On January 1, 2022, the Company adopted FASB Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC Topic 842"). ASC Topic 842 requires entities to recognize lease assets and liabilities on the balance sheet for all leases with a term of more than one year, including operating leases, which historically were not recorded on the balance sheet in accordance with the prior lease accounting standard.

The adoption of ASC Topic 842 did not have any impact on the Forté's balance sheet, statement of operations or cash flows.

THE FORTÉ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on Forté's financial position, results of operations or cash flows.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Forté has approximately \$3,502,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$2,685,000, certificates of deposits of \$500,000, and accounts receivable of \$317,000. All financial assets are available for general expenditure. The accounts receivable are expected to be collected within one year. Forté has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 3-6 months of normal operating expenses, which are, on average, approximately \$1,800,000 - \$3,600,000. Forté has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, Forté evaluates whether cash in excess of daily requirements should be invested in various short-term investments, including certificates of deposit and short-term treasury instruments. As of December 31, 2023, all cash, cash equivalents, and investments were invested in checking accounts, money market accounts, and certificates of deposits accounts.

NOTE 4 - NET ASSETS

Net assets without donor restrictions

At December 31, 2023 and 2022, all net assets without donor restrictions are undesignated as to their use.

Net assets with donor restrictions

As of December 31, 2023, net assets with donor restrictions are restricted for the Foundation's program use specifically Forte's MBALaunch and MBALaunch for Undergraduates programs. The net assets with donor restrictions of the Foundation as of **Error! No document variable supplied.** is \$100,000.

At December 31, 2022, there were no net assets with donor restrictions.

During the years ended December 31, 2023 and 2022, there were no net assets with donor restrictions released from donor restrictions by incurring qualifying expenses that satisfied the donor restriction.

NOTE 5 - CASH AND CASH EQUIVALENTS

The composition of Forté's cash and cash equivalents at December 31, 2023 and 2022, was as follows:

| | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Cash and demand deposits | \$ 871,385 | \$ 418,809 |
| Money market accounts | 1,264,602 | 1,339,306 |
| Commercial deposits | 550,000 | 602,000 |
| Total cash and cash equivalents | <u>\$ 2,685,987</u> | <u>\$ 2,360,115</u> |

THE FORTÉ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6 - CONCENTRATIONS

During the year ended December 31, 2023, 50% and 37% of the revenue recognized by Forté were from annual sponsorships and program revenues, respectively.

During the year ended December 31, 2022, 49% and 41% of the revenue recognized by Forté were from annual sponsorships and program revenues, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

From time to time, Forté may be involved in litigation relating to claims arising out of the ordinary course of business. Management believes there are no claims, actions pending or threatened against Forté of which the ultimate disposition would have a material impact on Forté's financial position, results of operations, or cash flows.

Risk Management

Forté is subject to various claims and liabilities in the ordinary course of business. Forté maintains various forms of insurance that Forté's management believes are adequate to reduce the exposure to these risks to an acceptable level.

NOTE 8 - DEFINED CONTRIBUTION PLAN

Forté maintains a 401(k) defined contribution plan covering substantially all full-time employees. All employees who have completed one month of service are eligible to participate. Eligible employees can contribute a percentage of their salary up to amounts specified by the Plan agreement, capped by annual limits set by the Internal Revenue Service. Forté makes matching contributions to the Plan in the amount of 100% of the employee's elective deferrals up to 4% of compensation, and 50% of elective deferrals on the next 2% of compensation. For the years ended December 31, 2023 and 2022, Forté made matching contributions to the Plan in the amount of \$171,014 and \$147,700, respectively, which is included in general and administrative expenses in the statement of operations.