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# Levi Strauss Foundation

**November 30, 2023 and 2022**

Independent Auditors' Report and  
Financial Statements

# Levi Strauss Foundation

## Independent Auditors' Report and Financial Statements

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## Independent Auditors' Report

THE BOARD OF DIRECTORS  
LEVI STRAUSS FOUNDATION  
San Francisco, California

### Opinion

We have audited the financial statements of **LEVI STRAUSS FOUNDATION (the Foundation)**, which comprise the statement of financial position as of November 30, 2023 and 2022, the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of November 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year from the date of this report.

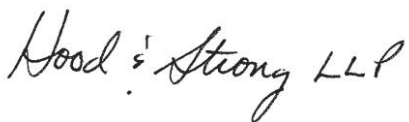
## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

The image shows a handwritten signature in cursive script that reads "Hood & Strong LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

San Francisco, California  
May 8, 2024

# Levi Strauss Foundation

## Statement of Financial Position

<i>November 30,</i>	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 1,449,493	\$ 507,862
Contribution receivable from Levi Strauss & Co.	4,300,000	9,300,000
Prepaid expenses	35,966	247,139
Investments, net	67,729,843	62,048,672
<b>Total assets</b>	<b>\$ 73,515,302</b>	<b>\$ 72,103,673</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Grants payable	\$ 3,786,250	\$ 2,628,825
Other liabilities	571,356	495,233
<b>Total liabilities</b>	<b>4,357,606</b>	<b>3,124,058</b>
<b>Net Assets Without Donor Restrictions</b>	<b>69,157,696</b>	<b>68,979,615</b>
<b>Total liabilities and net assets</b>	<b>\$ 73,515,302</b>	<b>\$ 72,103,673</b>

See accompanying notes to the financial statements.

# Levi Strauss Foundation

## Statement of Activities and Changes in Net Assets

<i>Years Ended November 30,</i>	2023	2022
<b>Revenue and Support:</b>		
Contributions from Levi Strauss & Co.	\$ 4,300,000	\$ 9,300,000
Contributed services and facilities from Levi Strauss & Co.	1,793,868	1,565,501
Other income	13,087	15,372
<b>Total contributions and other income</b>	<b>6,106,955</b>	<b>10,880,873</b>
Investment income:		
Net realized and unrealized gain (loss) on investments	6,051,967	(9,892,274)
Investment fees	(252,081)	(217,032)
Federal excise tax (expenses) benefit	(59,557)	143,667
<b>Net investment income (loss)</b>	<b>5,740,329</b>	<b>(9,965,639)</b>
<b>Net revenue and support</b>	<b>11,847,284</b>	<b>915,234</b>
<b>Expenses:</b>		
Grants and related expenses, net of cancellations	9,300,000	12,231,401
Professional and consulting services	218,491	219,435
Administrative expenses	2,013,988	1,463,435
Facilities provided by Levi Strauss & Co.	136,724	136,724
<b>Total expenses</b>	<b>11,669,203</b>	<b>14,050,995</b>
<b>Change in Net Assets</b>	<b>178,081</b>	<b>(13,135,761)</b>
<b>Net Assets Without Donor Restrictions, beginning of year</b>	<b>68,979,615</b>	<b>82,115,376</b>
<b>Net Assets Without Donor Restrictions, end of year</b>	<b>\$ 69,157,696</b>	<b>\$ 68,979,615</b>

See accompanying notes to the financial statements.

# Levi Strauss Foundation

## Statement of Cash Flows

<i>Years Ended November 30,</i>	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 178,081	\$ (13,135,761)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized gain on investments sold	(2,002,289)	(1,462,373)
Net unrealized (gain) loss on investments	(4,049,678)	11,354,647
Changes in operating assets and liabilities:		
Contribution receivable	5,000,000	1,700,000
Prepaid expenses	211,173	(180,034)
Grants payable	1,157,425	867,497
Other liabilities	76,123	(262,502)
<b>Net cash provided (used) by operating activities</b>	<b>570,835</b>	<b>(1,118,526)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(8,500,443)	(17,960,446)
Sales of investments	8,871,239	19,127,636
<b>Net cash provided by investing activities</b>	<b>370,796</b>	<b>1,167,190</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>941,631</b>	<b>48,664</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>507,862</b>	<b>459,198</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,449,493</b>	<b>\$ 507,862</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for excise taxes	\$ 10,000	\$ 19,000

See accompanying notes to the financial statements.

# Levi Strauss Foundation

## Notes to the Financial Statements

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### **Note 1 - Nature of Organization:**

The Levi Strauss Foundation (the Foundation) is a general-purpose foundation having received all of its support in fiscal years 2023 and 2022 on a discretionary basis from Levi Strauss & Co. and investment income from its invested capital base. The Foundation meets the requirements of Section 501(c)(3) of the Internal Revenue Code and is classified as a private foundation.

The Foundation, at the discretion of its Board of Directors, makes grants exclusively for charitable purposes worldwide, generally where Levi Strauss & Co. has a business presence. The Foundation makes strategic grants in the areas of democracy, immigrant rights, reproductive justice and worker rights and well-being. In 2023, the Foundation also made its final grants in the area of HIV/AIDS after more than four decades of supporting this area. The Foundation also supports Levi Strauss & Co.'s employee community engagement programs.

### **Note 2 - Summary of Significant Accounting Policies:**

#### Basis of Accounting

The financial statements of the Foundation were prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which recognizes revenue when earned and expenses when incurred and, accordingly, reflects all significant receivables and payables.

#### Description of Net Assets

Net assets without donor restrictions are those net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions are those net assets that are subject to purpose or time stipulations imposed by donors. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions for the years ended November 30, 2023 or 2022.

#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents principally include cash in banks and in money market accounts and excludes cash and cash equivalents classified as investments.



# Levi Strauss Foundation

## Notes to the Financial Statements

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### Contributions

Contributions are recognized as revenue when received or unconditionally promised. Non-cash contributions are recorded at their estimated fair value at the time of donation. Contributions receivable from Levi Strauss & Co. are recorded when the commitment to give is approved by Levi Strauss & Co. and the Foundation is notified. The receivable at year end is normally received a few months into the next fiscal year.

### Investments and Related Income

Investments are reported at fair value. Changes in fair values, as well as realized gains and losses, are reflected in the Statement of Activities and Changes in Net Assets. Dividend and interest income are accrued when earned and are included in other income in the Statement of Activities and Changes in Net Assets.

The investments in BlackRock are valued using the net asset value (NAV) per share as determined by the investment manager under the practical expedient method. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

### Fair Value Measurements

The Foundation carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement standards require the Foundation to classify these financial instruments into a three-level hierarchy, based on the priority of inputs used in the valuation technique. Level 1 values are based on unadjusted quoted prices in active markets for identical securities that the Foundation has the ability to access at the measurement date. Level 2 values are based on observable transactions, such as quoted prices, for similar (but not identical) items in an active market or identical transactions in an inactive market. Level 3 values are based on unobservable inputs or values when little or no market data is available. Financial instruments valued using NAV are not included in the three-level hierarchy classifications.

The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

# Levi Strauss Foundation

## Notes to the Financial Statements

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### Grants

The Foundation primarily makes grants on an unconditional basis. Unconditional grants require normal reporting and communication by the grantee and are recorded as grant expense in the year approved. On rare occasions the Foundation has made conditional grants, that is those with a measurable performance or other barrier, and a right of return. These grants are not recorded as grants expense until the conditions on which they depend are substantially met and the grants become unconditional. There were no such grants in fiscal years 2023 and 2022.

### Allocation of Functional Expenses

The costs of providing various programs and activities on a functional basis are shown in Note 8. Expenses that can be directly identified with a specific function are allocated directly to that function.

Contributed services were allocated based on estimates by the Foundation's management of staff time spent on programs and management. The Executive Director's time was allocated between programs and management. The program staff, Director of Programs, and the Program Managers were allocated to programs. The Director of Finance and Communications, Controller and the Operations Manager oversee the Foundation's operations and are allocated to management.

### Tax Exempt Status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, it is not subject to federal or state income taxes. However, the Foundation is classified as a private non-operating foundation and is subject to a federal excise tax on its investment income. In addition, the Foundation could be subject to tax on unrelated business income, if any, generated by investments. Deferred taxes relate to the future tax effect of unrealized gains on investments at year end.

As of November 30, 2023, and 2022, management evaluated the Foundation's tax positions and concluded that the Foundation has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes related to uncertain tax positions has been included in the financial statements.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of 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.

# Levi Strauss Foundation

## Notes to the Financial Statements

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### Reclassifications

Certain activities in the 2022 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2023 financial statements. These reclassifications had no impact on the financial position or change in net assets as of and for the year ended November 30, 2022.

### Subsequent Events

The Foundation evaluated subsequent events from November 30, 2023, through May 8, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

### **Note 3 - Net Assets Without Donor Restrictions:**

A cumulative analysis of net assets without donor restrictions from inception to November 30, 2023 follows:

#### **Cash Contributions by Levi Strauss & Co.:**

Through November 30, 2022	\$ 254,782,910	
2023	<u>4,300,000</u>	\$ 259,082,910

#### **Excess (Deficit) of Revenues over Expenses before**

##### **Grants:**

Through November 30, 2022	182,996,684	
2023	<u>5,178,081</u>	188,174,765

#### **Less Grants Made:**

Through November 30, 2022	(368,799,979)	
2023	<u>(9,300,000)</u>	(378,099,979)

<b>Net Assets — November 30, 2023</b>		<u>\$ 69,157,696</u>
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# Levi Strauss Foundation

## Notes to the Financial Statements

### Note 4 - Investments and Fair Value Measurements:

Investments consisted of the following as of November 30:

	2023	2022
BlackRock Collective Funds:		
Equity Funds:		
U.S. Real Estate Securities Fund B (domestic)	\$ 3,937,495	\$ 3,605,159
MSCI ACWI XFOSSIL ESG Index Fund B	30,553,577	29,378,864
Russell 2000 Equity Index Fund B (domestic)	2,609,911	2,515,983
<b>Total Equity Funds</b>	<b>37,100,983</b>	<b>35,500,006</b>
Fixed Income Funds:		
Long Term Government Bond Index Fund B	4,048,285	4,075,224
Intermediate Term Credit Bond Index Non-Lendable Fund B	2,848,450	2,700,715
Market ADV Coll Nonlendable Fund B	12,325,442	11,771,745
1-3 Year Treasury Index Fund B	887,778	890,553
<b>Total Fixed Income Funds</b>	<b>20,109,955</b>	<b>19,438,237</b>
<b>Total Collective Funds</b>	<b>57,210,938</b>	<b>54,938,243</b>
BlackRock Hedge Fund:		
Global Alpha Opportunities Fund	6,318,993	5,561,445
BlackRock Special Fund:		
BlackRock Impact Opportunities Fund	3,184,311	1,456,984
<b>Total BlackRock Funds, all at NAV</b>	<b>66,714,242</b>	<b>61,956,672</b>
Corporate stock at quoted market price (Level 1)	1,015,601	92,000
<b>Total investments at November 30</b>	<b>\$ 67,729,843</b>	<b>\$ 62,048,672</b>

The BlackRock Collective Funds consist of index funds that seek investment results that correspond to price and yield performance, before fees and expenses, of specific underlying indexes. A passive or indexing approach is used to achieve the fund's investment objective. All of the funds have a daily redemption frequency and a notice period of one to two days.

# Levi Strauss Foundation

## Notes to the Financial Statements

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The BlackRock Hedge Fund has a weekly redemption frequency and a notice period of five days.

The BlackRock Impact Opportunities Fund (BIO Fund) is a return-seeking fund that aims to accelerate positive economic outcomes and create collective wealth for undercapitalized racial and ethnic groups, with particular focus on Black, Latinx and Native American communities in the United States. The Foundation has committed a total of \$7.5 million to the BIO Fund for a period of ten years. The Foundation fulfills capital calls by transferring funds from the Blackrock Collective Funds when new deals are closed in the BIO Fund. The Foundation expects that the full commitment will be made by 2025. As of November 30, 2023, unfunded commitments approximated \$4,900,000. Redemptions are not permitted. The fund term is through 2030, with extensions permitted.

There were no other outstanding capital requirements for any of the BlackRock funds as of November 30, 2023 and 2022.

The use of NAV as a practical expedient for fair value may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a different measurement at the reporting date.

### Note 5 - Federal Excise Taxes:

The Foundation is classified as a private foundation subject to an excise tax of 1.39% on net investment income, including net realized gains. The Foundation's tax rate and related account balances were approximately as follows as of and for the years ended November 30:

	2023	2022
Excise tax - current expense	\$ 20,000	\$ 16,000
Excise tax - deferred expense (benefit)	\$ 40,000	\$ (160,000)
Deferred excise tax liability, included in other liabilities	\$ 156,000	\$ 116,000

### Note 6 - Grants and Grants Payable:

Grants payable at November 30, 2023 are scheduled to be paid in the year ending November 30, 2024. There were no conditional grants payable at November 30, 2023 and 2022.

The Foundation's Board of Directors has approved a budget for fiscal year 2024 which includes an estimate for grants of \$10.2 million and administrative costs of approximately \$1.7 million, for a total budget of \$11.9 million.

# Levi Strauss Foundation

## Notes to the Financial Statements

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### **Note 7 - Related Party Transactions, Contributed Services and Facilities:**

Levi Strauss & Co. pays the actual costs and benefits for its personnel who provide services to the Foundation, plus certain other direct expenses paid on behalf of the Foundation, which are recorded as donated services and other expenses. The personnel cost is based on the personnel assigned to the functional area prorated for time spent on the Foundation, plus a fixed percentage for payroll related benefits.

Personnel costs and other direct expenses donated by Levi Strauss & Co. for the years ended November 30, 2023 and 2022 were \$1,657,144 and \$1,428,777, respectively, and are included in administrative expenses and professional and consulting services.

The use of facilities provided at no cost by Levi Strauss & Co. for each of the years ended November 30, 2023 and 2022 was \$136,724.

In the course of conducting its charitable purpose, the Foundation may make grants to entities that are related to members of the Board of Directors. During 2023 and 2022, such grants totaled approximately \$358,500 and \$56,000, respectively. As of November 30, 2023 and 2022, there were no grants payable to entities that are related to members of the Board of Directors.

# Levi Strauss Foundation

## Notes to the Financial Statements

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### Note 8 - Natural and Functional Expenses:

The table below presents expenses and donated goods and services by both their nature and their function for the years ended November 30:

<b>2023</b>	<u>Program</u>	<u>Management</u>	<u>Total</u>
Grants and related expenses	\$ 9,300,000		\$ 9,300,000
Professional and consulting services:			
Professional services	69,417		69,417
Accounting/tax preparation		\$ 149,074	149,074
Total professional and consulting services	69,417	149,074	218,491
Administrative expenses:			
Donated goods and services:			
Personnel	1,100,042	471,446	1,571,488
Administrative		56,328	56,328
Travel	20,530	8,799	29,329
	1,120,572	536,573	1,657,145
Other expenses	354,395	2,448	356,843
Total administrative expenses	1,474,967	539,021	2,013,988
Facilities provided by Levi Strauss & Co.:			
Donated facility costs	95,707	41,017	136,724
Total	\$ 10,940,091	\$ 729,112	\$ 11,669,203

# Levi Strauss Foundation

## Notes to the Financial Statements

2022	Program	Management	Total
Grants and related expenses, net of cancellations	\$ 12,231,401		\$ 12,231,401
Professional and consulting services:			
Professional services	90,802		90,802
Accounting/tax preparation		\$ 128,633	128,633
Total professional and consulting services	90,802	128,633	219,435
Administrative expenses:			
Donated goods and services:			
Personnel	908,167	389,214	1,297,381
Administrative		79,913	79,913
Travel	36,038	15,445	51,483
	944,205	484,572	1,428,777
Other expenses	33,456	1,202	34,658
Total administrative expenses	977,661	485,774	1,463,435
Facilities provided by Levi Strauss & Co.:			
Donated facility costs	95,707	41,017	136,724
Total	\$ 13,395,571	\$ 655,424	\$ 14,050,995

### Note 9 - Concentrations of Risk:

Financial instruments which potentially subject the Foundation to credit risk consisted primarily of demand deposits and investments. At various times during the years, the Foundation's demand deposit balances may exceed federal insurance limits. Investments were held as discussed in Note 4, invested by an investment manager and subject to oversight for compliance with a formal investment policy.

The ongoing impact of economic uncertainty provides potential risk to amounts of funding from Levi Strauss & Co. The Foundation believes that the future effect on the Foundation's operations will not be significant.



# Levi Strauss Foundation

## Notes to the Financial Statements

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### Note 10 - Availability of Financial Assets and Liquidity:

The Foundation's financial assets available for general expenditures within one year were as follows as of November 30:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 1,449,493	\$ 507,862
Contribution receivable from Levi Strauss & Co.	4,300,000	9,300,000
Investments	67,729,843	62,048,672
	<hr/>	<hr/>
	73,479,336	71,856,534
Less investments not available within one year	3,184,311	1,456,984
	<hr/>	<hr/>
Financial assets available to meet general expenditures over the next twelve months	\$ 70,295,025	\$ 70,399,550

The Foundation has three guiding principles to manage its liquidity and reserves principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the financial statements.