

RED TAB FOUNDATION

MAY 31, 2022

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

**HOOD &
STRONG** LLP
CERTIFIED PUBLIC ACCOUNTANTS

Red Tab Foundation

Independent Auditors' Report and Financial Statements

Independent Auditors' Report	1 - 3
-------------------------------------	-------

Financial Statements

Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 15



A Century Strong

Independent Auditors' Report

THE BOARD OF DIRECTORS
RED TAB FOUNDATION
San Francisco, California

Opinion

We have audited the financial statements of **RED TAB FOUNDATION (the Foundation)**, which comprise the statement of financial position as of May 31, 2022 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Red Tab Foundation as of May 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

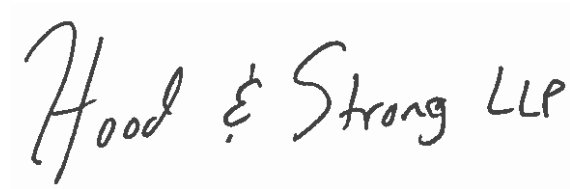
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Foundation's May 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Hood & Strong LLP". The signature is written in a cursive, flowing style.

San Francisco, California
October 11, 2022

Red Tab Foundation

Statement of Financial Position

<i>May 31, 2022 (with comparative totals for 2021)</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 453,870	\$ 940,675
Contributions receivable	288,264	67,741
Loans receivable, net	15,441	32,744
Investments, at fair value	17,273,452	19,038,581
Prepaid expenses and other assets	25,552	21,077
Total assets	\$ 18,056,579	\$ 20,100,818
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 24,681	\$ 53,463
Total liabilities	24,681	53,463
Net Assets Without Donor Restrictions:	18,031,898	20,047,355
Total liabilities and net assets	\$ 18,056,579	\$ 20,100,818

See accompanying notes to the financial statements.

Red Tab Foundation

Statement of Activities and Changes in Net Assets

<i>Year Ended May 31, 2022 (with comparative totals for 2021)</i>	2022	2021
Revenue and Support:		
Contributions	\$ 2,104,967	\$ 1,623,300
Contributed goods, services, and facilities from Levi Strauss & Co.	806,009	779,661
Investment income, net	(1,514,243)	3,975,911
Total revenue and support	1,396,733	6,378,872
Expenses:		
Programs	3,009,741	3,146,680
Management and general	171,898	154,671
Fundraising	230,551	186,683
Total expenses	3,412,190	3,488,034
Change in Net Assets	(2,015,457)	2,890,838
Net Assets Without Donor Restrictions, beginning of year	20,047,355	17,156,517
Net Assets Without Donor Restrictions, end of year	\$ 18,031,898	\$ 20,047,355

See accompanying notes to the financial statements.

Red Tab Foundation

Statement of Functional Expenses

Year Ended May 31, 2022 (with comparative totals for 2021)

	Program Services			Supporting Services			2021 Total
	Emergency Assistance	Red Tab Savers	Total programs	Management and General	Fundraising	2022 Total	
Salaries and employee benefits	\$ 331,929	\$ 248,947	\$ 580,876	\$ 82,982	\$ 165,965	\$ 829,823	\$ 718,805
Grants and matching rewards	2,169,973	44,994	2,214,967			2,214,967	2,479,186
Contract and professional services	81,928	49,726	131,654	58,897	23,491	214,042	168,426
Travel and meetings			-		3,010	3,010	2,584
Printing, postage and supplies	4,741	3,827	8,568	1,144	2,395	12,107	10,869
Rent, utilities and maintenance	45,938	15,845	61,783	8,532	17,865	88,180	82,904
Insurance	1,685	476	2,161	124	585	2,870	2,439
Other expenses	7,626	2,106	9,732	20,219	17,240	47,191	22,821
	\$ 2,643,820	\$ 365,921	\$ 3,009,741	\$ 171,898	\$ 230,551	\$ 3,412,190	\$ 3,488,034

See accompanying notes to the financial statements.

Red Tab Foundation

Statement of Cash Flows

<i>Year Ended May 31, 2022 (with comparative totals for 2021)</i>	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,015,457)	\$ 2,890,837
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized loss (gain) on investments	1,887,720	(3,665,712)
Allowance for loan losses	(11,438)	66,710
Changes in operating assets and liabilities:		
Contributions receivable	(220,523)	236,293
Prepaid expenses and other assets	(4,475)	17,848
Accounts payable and accrued liabilities	(28,782)	13,667
Net cash used by operating activities	(392,955)	(440,357)
Cash Flows from Investing Activities:		
Purchases of investments	(372,591)	(309,510)
Proceeds from investments	250,000	900,000
Issuance of loans	(5,241)	(18,950)
Collection on loans	33,982	49,004
Net cash (used) provided by investing activities	(93,850)	620,544
Change in Cash and Cash Equivalents	(486,805)	180,187
Cash and Cash Equivalents, beginning of year	940,675	760,488
Cash and Cash Equivalents, end of year	\$ 453,870	\$ 940,675

See accompanying notes to the financial statements.

Red Tab Foundation

Notes to Financial Statements

Note 1 - Nature of Organization and Summary of Significant Accounting Policies:

a. Nature of Organization

Red Tab Foundation (the Foundation) was launched by Jerry O'Shea, a former marketing executive of Levi Strauss & Co. and his wife Claire in 1981. The Foundation is a public, nonprofit foundation which assists Levi Strauss & Co. employees and retirees and their families who are unable to pay for life's basic necessities due to unexpected emergencies. The Foundation also provides education and preventative programs and workshops to help individuals maintain their financial, physical, and emotional health through its Red Tab Savers program.

b. Basis of Accounting

The Foundation uses the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (U.S. GAAP) and reports information regarding its financial position and activities as follows:

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are not restricted by donor-imposed stipulations. There were no net assets with donor restrictions as of May 31, 2022.

c. Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected within future years are recorded at the present value of their estimated future cash flows.

If applicable, the discounts on those amounts are computed using market rates applicable in the year in which those promises are received, and amortization of the discounts is included in contributions revenue.

Contributed services are recognized as in-kind revenues at their estimated fair value if they require specialized skill that would need to be purchased if they are not donated. Contributed goods are recognized as in-kind revenue at their estimated fair value.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand accounts, and money market funds with an initial maturity of three months or less, except for investment money market funds which are included in investments.

Red Tab Foundation

Notes to Financial Statements

e. Investments

Investments are reported at fair value. Changes in fair values as well as realized and unrealized gains and losses are reflected in the Statement of Activities and Changes in Net Assets. The fair value of exchange traded funds are based on their quoted market prices.

Investments, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

f. Fair Value Measurement

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. The Foundation classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Loans Receivable

The Foundation records loans receivable at cost. The Foundation's loans receivable is recorded at the time the note is received and accepted by the Foundation. Management determines the allowance for doubtful accounts by evaluating individual loans receivable.

h. Grants and Matching Rewards

Grants awarded are unconditional in nature and are recorded at the time they are approved by the Foundation. Any grants that are returned to the Foundation are recorded in the year the return was received. Red Tab Savers matching rewards (the Rewards) are earned by participants when their savings are deposited into their savings accounts and are disbursed to participants within 2-3 business days. The Rewards are recorded at the time the reward amounts are reimbursed to the vendor for the prior month's rewards.

Red Tab Foundation

Notes to Financial Statements

i. Functional Expenses Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Costs applicable to more than one program or activity, such as facilities, have been allocated among the programs and supporting services based on management's judgment. Salaries are allocated to Program Administration & Management; Program Development; Foundation Management and Fundraising based on the amount of time that employees spent for each function estimated by management. The Foundation uses the same percentages to allocate costs not directly identified to a specific program or function.

j. Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code.

As of May 31, 2022, management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

k. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l. Comparative Information and Reclassifications

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended May 31, 2021 from which the summarized information was obtained.

Certain reclassifications have been made to the 2021 financial statements in order to conform to the 2022 presentation. These reclassifications had no impact on net assets or change in net assets.

Red Tab Foundation

Notes to Financial Statements

m. Recent Accounting Pronouncements

Pronouncement Adopted:

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the required presentation of in-kind contributions other than contributed services. The first element will require separate presentation on the Statement of Activities and the second element will require additional disclosure about how the in-kind gifts were utilized (in which program or as part of management and general or fundraising), donor restrictions associated with the gifts and valuation techniques employed. The ASU was adopted by the Foundation as of June 1, 2021, the adoption did not have a significant impact to the financial statements other than enhanced disclosures in Note 8.

n. Subsequent Events

The Foundation evaluated subsequent events with respect to the financial statements for the year ended May 31, 2022 through October 11, 2022, the date these financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 2 - Contributions Receivables:

At May 31, 2022, contributions receivable of \$288,264 consisted of amounts relating to payroll pledges from Levi Strauss & Co. employees and other contributors that are expected to be collected within one year.

Red Tab Foundation

Notes to Financial Statements

Note 3 - Loans Receivable:

The Foundation offers interest free loans to employees who need them to maintain their basic needs. Repayment of the loans outstanding at May 31, 2022, is expected to be as follows:

2023	\$	11,983
2024		4,300
2025		2,100
2026		1,900
2027		1,285
Thereafter		1,520
		<hr/>
		23,088
Less allowance for uncollectable loans		7,647
		<hr/>
Total	\$	15,441

Note 4 - Investments and Fair Value Measurements:

Investments consisted of the following at May 31, 2022:

Cash and cash equivalents	\$	4,297
Exchange traded funds:		
Fixed income		5,377,944
Equity		9,475,962
Real estate		2,415,249
		<hr/>
Total	\$	17,273,452

All investments at May 31, 2022 were classified as Level 1.

Investment income, net for the year ended May 31, 2022 included the following:

Realized gain	\$	95,942
Unrealized loss		(1,983,662)
Interest and dividends		380,870
Investment fees		(7,393)
		<hr/>
	\$	(1,514,243)

Red Tab Foundation

Notes to Financial Statements

Note 5 - Availability of Financial Assets and Liquidity:

The Foundation's financial assets available for general expenditures within one year of the Statement of Financial Position date were as follows at May 31, 2022:

Cash and cash equivalents	\$ 453,870
Contributions receivable	288,264
Loans receivable, net	15,441
Investments	17,273,452
<hr/>	
Total financial assets	18,031,027
<hr/>	
Less amounts not available to be used within one year:	
Loans receivable due in more than one year	(11,105)
<hr/>	
Total financial assets available to meet general expenditures over the next twelve months	\$ 18,019,922
<hr/>	

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$750,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. 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 financial statements.

Note 6 - Grants and Matching Rewards:

Below is a summary of grants awarded to Levi Strauss & Co.'s employees, retirees, and their families by geographic area for the year ended May 31, 2022.

U.S. / Canada	\$ 1,515,796
Europe	83,254
Asia	243,926
Africa	350,480
Latin America	21,511
<hr/>	
Total	\$ 2,214,967
<hr/>	

Red Tab Foundation

Notes to Financial Statements

Note 7 - Concentration of Credit Risk:

Financial instruments, which potentially subject the Foundation to credit risk, consist primarily of cash and investments. The Foundation maintains its cash at three different financial institutions. At various times during the year ended May 31, 2022, the balances may have exceeded federal insurance limits.

Investments are held as discussed in Note 4. They are invested by an investment manager and are subject to oversight by a formal investment policy.

Total contributions from related parties (Note 8) were approximately 67% of total contribution revenue recognized during the fiscal year ended May 31, 2022.

Note 8 - Related Party Transactions and Contributed Services and Facilities:

Levi Strauss & Co. charges the Foundation the actual costs and benefits for their personnel who provide services to the Foundation, plus certain other direct expenses. The personnel cost is based on the person involved, actual salary prorated for time spent on the Foundation, in addition to a fixed percentage for payroll related benefits. The value of services provided at no cost by Levi Strauss & Co. for the year ended May 31, 2022 of \$806,009, comprised primarily of \$655,390 in salaries and benefits, \$99,179 in facilities space, and \$49,230 in grants. The in-kind contributions were utilized in the following functional areas:

Programs	\$	600,006
General administration		77,451
Fundraising		128,552
		<hr/>
	\$	806,009

The amount of personnel costs and other direct expenses charged and paid to Levi Strauss & Co. for the year ended May 31, 2022 was \$128,454 and was allocated to the various functions benefitted.

A significant portion of the Foundation's support has been contributed by related parties. Contributions of approximately \$173,000 are from members of the Board of Directors of the Foundation and shareholders, and Board members and executives of Levi Strauss & Co. for the year ended May 31, 2022. Contributions of approximately \$973,000 are from charitable entities related to executive retirees, Board members of the Foundation or Levi Strauss & Co. for the fiscal ended May 31, 2022.

Red Tab Foundation

Notes to Financial Statements

Note 9 - Pandemic:

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. States of emergency were declared in many federal, state and local jurisdictions and shelter in place orders were instituted in many cities and states, including California, which impacted general business operations in most industries and sectors.

The global pandemic had substantial negative impacts on the livelihoods and financial health of Levi Strauss & Co. employees and retirees, resulting in a significant increase in the need for support from the Foundation. For the year ended May 31, 2022, the Foundation gave significantly more than historical levels of grant support, second only to the grant giving in the year ended May 31, 2021. The ongoing impacts of the pandemic across the globe created financial hardships related to household income loss, illness, and expenses related to lockdown – all of which accounted for roughly 10% of total grants given in the year ended May 31, 2022. The high visibility of the Foundation’s work among employees and retirees resulted in levels of grantmaking only slightly below 2021 levels.

Market volatility also had an effect on the investment portfolio held by the Foundation, resulting in significant gains for the year ended May 31, 2021 and then loss of roughly half of those gains in the year ended May 31, 2022. The strength of the investment portfolio and record fundraising success have allowed the Foundation to meet significantly increased need from Levi Strauss & Co. employees and retirees.