Humboldt Area Foundation | Wild Rivers Community Foundation
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Management Discussion & Analysis

"A Thriving, Just, Healthy and Equitable Region"

In early 2021 the Humboldt Area Foundation, the Wild Rivers Community Foundation and our family of philanthropic organizations adopted a bold, new strategy to support the future of the remarkable region we love and serve: Humboldt, Del Norte and Trinity counties on the far north coast of California, and Curry County on Oregon's southernmost coastal area. This region is home to 20 Native American Tribal Nations and Lands, among the country's most populous and culturally significant ancestral lands.

Bounded to the west by the Pacific Ocean and to the east by the Trinity Mountains, our service area is roughly the size of the state of Massachusetts. We are a rural population of about 200,000 people—sustained by agriculture, a UNESCO heritage redwood forest, multitudes of bird and fish species, and more community-based nonprofits than anywhere in California. People from around the world have settled here and brought their traditions, including Asian and Pacific Islanders, White and Black Americans, people of Latino and Hispanic origin, and others. Our California State University is home to world-renowned research facilities and liberal arts programs, which feed local innovation ranging from renewable energy to sustainable agri-aqua business.

Throughout 2020, the Foundation undertook extensive engagement, research and community-needs assessment across this dynamic region. We did this while responding to a global pandemic, destructive wildfires, and immeasurable economic, social and political challenges. Our staff talked with nearly 500 organizations and hundreds of our neighbors. We looked back at our history and the present issues that we face, and imagined what the future could be.

Several things became clear: The importance of supporting both urgent needs while also focusing on long-term solutions; calibrating our efforts to minimize vulnerability and increase equity; and investing in strengthening our incredible—but stretched—institutions, providers and leaders across our rural and Native communities.

HAF and WRCF, along with our family of supporting organizations—including the Native Cultures Fund, Equity Alliance of the Northcoast, and Humboldt Health Foundation—are honored to serve our donors, partners, grantees and colleagues with new focus and renewed passion, while we continue to excel in core donor services and investments across the region.

VISION

Our vision is to enable and empower this unique region to thrive as a just, healthy, and equitable place for current and future generations.

GOALS

Our four goals will drive our priorities and resource allocation for the decade ahead. With a grounding in research from around the world, we are integrating local experience and expertise for the greatest impact. Together these goals form the pillars of a strong community.

Racial Equity

Transforming our institutions and structures to address the outcome gaps across every indicator of success, from infant mortality to life expectancy, which have been created by hundreds of years of racial oppression.

Healthy Ecosystems and Environments

Using traditional knowledge and cutting-edge science to clean our water, purify our air, maintain our soil, adapt to a changing climate, and provide sustainable sources of food, energy, water, and transportation.

Thriving Youth and Families

Investing in the future by creating a safe, healthy place where generations of families can grow and have the chance to succeed; where everyone has the chance to experience support and success in one's community and reach one's greatest potential.

A Just Economy and Economic Development

Bolstering economic development to create opportunity for each person in our region to have a dignified, productive, and creative life unencumbered by poverty or exploitation.

Our Tools and Resources

For the past generation, HAF, WRCF and our family of organizations have been recognized in California, and across the nation, for our innovative work and approaches. From incubating grassroots organizations, to leadership development and training programs, to local loan and impact investment portfolios, our community foundation has long-supported capacity building, social and financial infrastructure, and philanthropic advice essential to the wellbeing and progress of our region.

With this new strategy, we will continue to evolve how we do our work to best serve the region. Some of the most important ways are:

-Donor & Fund Development
-Grant Funding
-Loans
-Scholarships
-Networks & Convening
-Policy & Advocacy
-Programs
-Research
-Capacity Building
-Leadership Training
-Philanthropic Partnerships
-Public/Private Partnerships

Building an Organization for the Future

New organizational structures are required to achieve a new vision. To support the new strategic plan, the Humboldt Area Foundation and Wild Rivers Community Foundation have reorganized into teams, each with a mission and specific portfolio of responsibilities that will support one another and the community as a whole. The reorganization maximizes our collaborations and allows us to leverage assets to achieve greater impact and effectiveness across our four-county region. With a new organizational structure and a strong focus on community collaboration, HAF and WRCF are excited to share our new staffing and organizational structure.

Strategy, Program & Community Solutions Team

The Strategy, Program & Community Solutions Team is in service to our region and its many communities. Its mission is to empower the people, organizations, institutions and businesses to achieve healthy, equitable and sustainable success. The team blends all of our resources—from skills to funding—to enable shared prosperity and wellbeing.

-Community Liaisons, Outreach and Empowerment
-Community Grant Making and Scholarships
-Local Loans and Impact Investing
-Community Learning, Knowledge Sharing and Best Practices
-Program Strategy, Impact and Evaluation

Advancement & Philanthropic Innovation Team

The Advancement & Philanthropic Innovation Team focuses on fundraising and philanthropic best practices. The team strives to develop strong and shared relationships with local donors and advisors. We will do the same with state and national philanthropic organizations that not only seek to invest in our region with their financial and capacity resources, but build a shared vision of generosity in partnership with HAF+WRCF. The team also works to advance philanthropic best practices and illustrate our region as a rural leader in community foundations.

-Fund & Resource Development
-Management and Oversight of Donor Trusts and Funds
-Philanthropic Innovation and Generosity
-Grant Research, Writing, Management and Analysis
-Donor and Funder Reporting and Evaluation
-Knowledge Sharing and Philanthropic Best Practices

Finance & Administration Team

The Finance & Administration Team manages our assets with rigor, confidence and transparency. The team works to ensure we are using financial best practices in accounting, auditing, systems management, and portfolio investment, and manages our non-financial assets such as land to the best intentions as a faithful trustee. The team is dedicated to obtaining clear counsel from our advisors and acting with fiduciary duty.

-Financial Data and Information Analysis
-Facilities and Administrative Policies and Procedures
-Portfolio Investments and Endowments
-Property Asset Management
-Financial Accounts, Resource Management and Auditing

Executive, Culture & Public Policy Team

The Executive, Culture & Public Policy Team leads the organization with a clear vision, culture and ethical governance. The team endeavors to inspire our organization, its leaders and its teams to be humbly focused on service, equity and empathy, and supports our staff and board of directors with professional development that enables them to thrive and grow in their service. The team also supports a model of leadership among our board and leadership team that is an embodiment of our commitments to the community, and amplifies this culture through our communications, public and political relations, and identity.

-Political Relations, Public Policy, and Advocacy
-Organizational Culture and Identity
-Human Resources and People Development
-Inclusion and Equity
-Governance and Board of Directors

Co-Designing Our Future with the Community

The foundation's reorganization centers on strengthening our service to the community. A significant part of that reorganization is developing new programs and interventions to help us achieve our four goal areas mentioned above. We envision working in deep collaboration with our communities through the process of community co-design. Co-design refers to a participatory approach to designing solutions in which community members are treated as equal collaborators in the design process.

We envision sessions where we listen, gather feedback and consult closely with community members and groups as we co-design programs and interventions that can realize our goals and outcomes. We look forward to collaborating with many of you in this process.

About the Foundation

Humboldt Area Foundation serves the residents of Humboldt, Trinity, Del Norte, and Curry counties by promoting and encouraging generosity, leadership and inclusion to strengthen our communities.

The Wild Rivers Community Foundation is supported and managed as an affiliate of the Humboldt Area Foundation, and serves all of Del Norte and Curry counties.

HAF and WRCF support a family or organizations, initiatives, and programs, including:

- The Del Norte Nonprofit Alliance
- Leavey Ranch, LLC.

Further contact information can be found at hafoundation.org and wrcf.org.

Humboldt Area Foundation

Consolidated Financial Statements

June 30, 2021

With Summary Comparative Information for

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Humboldt Area Foundation:

We have audited the accompanying consolidated financial statements of the Humboldt Area Foundation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Auditors' Responsibility *(continued)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Humboldt Area Foundation as of June 30, 2021, and the changes in its net assets and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Humboldt Area Foundation's consolidated financial statements for the fiscal year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California
November 10, 2021

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
ASSETS		
ASSETS		
Cash and cash equivalents	$ 5,964,103	$ 6,296,368
Unconditional promises to give, net	826,881	418,628
Investments	165,811,034	125,430,021
Mission related investments	1,992,065	2,591,941
Prepaid expenses and other current assets	60,237	63,323
Property and equipment, net	4,468,725	4,579,059
TOTAL ASSETS	$ 179,123,045	$ 139,379,340
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 210,482	$ 158,442
Accrued employee related expenses	267,977	236,993
Grants payable	1,012,794	1,258,653
Agency pass-through funds	36,342,975	27,613,394
Paycheck Protection Program (PPP) loan	565,487	573,700
Obligations under split-interest agreements	1,529,475	971,163
COMMITMENTS (NOTE 12)		
TOTAL LIABILITIES	39,929,190	30,812,345
NET ASSETS		
Without donor restrictions	130,041,618	100,459,502
With donor restrictions	9,152,237	8,107,493
TOTAL NET ASSETS	139,193,855	108,566,995
TOTAL LIABILITIES AND NET ASSETS	$ 179,123,045	$ 139,379,340

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH SUMMARY COMPARATIVE TOTALS FOR JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	June 30, 2021	June 30, 2020
REVENUE AND SUPPORT				
Contributions	$ 5,546,094	$ 233,765	$ 5,779,859	$ 7,987,700
Grants	2,182,156	1,594,696	3,776,852	1,595,875
Investment income, net	32,637,388	7,101	32,683,489	2,055,436
Administrative fee income	288,128	--	288,128	296,710
Workshops and other income	6,208	--	6,208	90,854
Rental income	48,250	--	48,250	41,600
Change in value of split-interest agreements	--	179,548	179,548	410,276
Net assets released from restrictions	970,366	(970,366)	--	--
TOTAL REVENUE AND SUPPORT	41,717,590	1,044,744	42,762,334	12,478,451
EXPENSES				
Programs and grants	10,199,919	--	10,199,919	8,676,444
Supporting services:				
Administration and general	1,280,718	--	1,280,718	1,098,573
Fundraising and development	654,837	--	654,837	483,425
TOTAL EXPENSES	12,135,474	--	12,135,474	10,258,442
CHANGE IN NET ASSETS	29,582,116	1,044,744	30,626,860	2,220,009
NET ASSETS AT BEGINNING OF YEAR	100,459,502	8,107,493	108,566,995	106,345,986
NET ASSETS AT END OF YEAR	$ 130,041,618	$ 9,152,237	$ 139,193,855	$ 108,566,995

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH SUMMARY COMPARATIVE TOTALS FOR JUNE 30, 2020

	Programs and Grants	Administration and General	Fundraising and Development	June 30, 2021	June 30, 2020
PERSONNEL EXPENSES					
Salaries and wages	$ 1,508,022	$ 666,487	$ 414,852	$ 2,589,361	$ 2,274,694
Employee benefits and taxes	412,715	163,212	104,074	680,001	584,265
TOTAL PERSONNEL EXPENSES	1,920,737	829,699	518,926	3,269,362	2,858,959
OTHER EXPENSES					
Grants and assistance	7,608,139	--	--	7,608,139	6,185,886
Bank and merchant fees	--	12,913	--	12,913	8,822
Community convening, conferences and meetings	73,256	1,043	521	74,820	128,994
Depreciation	55,242	47,191	11,943	114,376	107,104
Equipment and leases	21,645	16,084	4,070	41,799	59,518
Information technology	78,326	113,905	30,021	222,252	169,700
Insurance	11,068	37,664	3,131	51,863	35,443
Professional services:					
Accounting	--	48,675	--	48,675	46,250
Legal	--	2,195	--	2,195	3,290
Other professional services	93,421	19,404	4,911	117,736	193,721
Occupancy	129,381	47,128	11,927	188,436	174,567
Office expenses	101,985	49,348	39,732	191,065	107,832
Outreach, promotion and development	105,804	53,039	28,283	187,126	139,979
Travel	135	515	1,372	2,022	36,366
Other expenses	780	1,915	--	2,695	2,011
TOTAL OTHER EXPENSES	8,279,182	451,019	135,911	8,866,112	7,399,486
TOTAL EXPENSES	$ 10,199,919	$ 1,280,718	$ 654,837	$ 12,135,474	$ 10,258,442

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 30,626,860	$ 2,220,009
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	114,376	107,104
Realized and unrealized gains on investments	(40,480,000)	(3,154,252)
Donated securities	(1,720,955)	(2,265,854)
Contributions restricted for investment in perpetuity	(7,101)	(10,345)
Change in allowance and present value discount for unconditional promises to give	356,513	(290,773)
Paycheck Protection Program (PPP) loan forgiveness	(573,700)	--
Change in actuarial annuity liability	(2,976)	802,358
Change in operating assets and liabilities:		
Unconditional promises to give	(764,766)	564,866
Prepaid expenses and other current assets	3,086	22,014
Accounts payable and accrued expenses	52,040	59,166
Accrued employee related expenses	30,984	41,786
Grants payable	(245,859)	265,692
Agency pass-through funds	8,729,581	(911,507)
Obligations under split-interest agreements	561,288	(1,424,806)
Net Cash Used In Operating Activities	(3,320,629)	(3,974,542)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	22,283,339	14,655,650
Purchase of investments	(20,463,397)	(7,359,392)
Proceeds from repayments on mission related investments	1,109,876	1,470,491
Disbursements on mission related investments	(510,000)	(2,050,000)
Purchases of property and equipment	(4,042)	(80,688)
Net Cash Provided By Investing Activities	2,415,776	6,636,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program (PPP) loan	565,487	573,700
Contributions restricted for long-term investments	7,101	10,345
Net Cash Provided By Financing Activities	572,588	584,045
NET CHANGE IN CASH AND CASH EQUIVALENTS	(332,265)	3,245,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,296,368	3,050,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,964,103	$ 6,296,368

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

NOTE 1 – Organization

The Humboldt Area Foundation (the Foundation or HAF) is a nonprofit public benefit corporation. The Foundation's mission is to promote and encourage generosity, leadership, and inclusion to strengthen the communities within the region.

HAF, along with affiliates Wild Rivers Community Foundation (WRCF), Trinity Trust, and the Humboldt Health Foundation (HHF) serve Del Norte and Trinity Counties in California, and Curry County, Oregon. The Foundation also serves numerous and large sovereign Tribal nations in a service area that extends beyond 10,000 square miles—with a census population estimated at 200,000 residents.

The Foundation fulfills its mission through:

- Investments of grants and mission-related loans
- Delivering public education, leadership, and capacity building programs
- Providing cultural and technical assistance
- Facilitating donor and philanthropic support on behalf of the region

During the current fiscal year, the Foundation distributed $7.6 million in grants, including nearly 300 scholarships; and managed $2.6 million in its local impact lending portfolio. The Foundation manages programs and partnerships focused on opportunities to improve racial equity, local empowerment, cultural revitalization, and community-led problem-solving. These programs include the Equity Alliance of the North Coast (EA), Building Healthy Communities (BHC) in partnership with The California Endowment; the Native Cultures Fund—a statewide, indigenous-led effort; the Cascadia Center for Leadership; and Northern California Association of Nonprofits (NorCAN) and Non-Profit Leadership Center.

The Foundation partners closely with generous donors to manage their philanthropic funds and investments. Revenue through the earnings on investments, grants, contributions from the community, and from certain community events support the Foundation’s programs, grants, scholarships and operations.

The Foundation was originally formed in 1972 under a Declaration of Trust for public and charitable purposes to develop philanthropy and engage in grant making in northwestern California. On May 3 of that year, the Foundation received a gift of $1,000 from Vera Perrott Vietor and was subsequently named an income beneficiary of the Estate of Vera Perrott Vietor. During 1974, a distribution was received from the estate and the Foundation commenced operations. On August 25, 1993, the Humboldt Area Foundation was incorporated as a 501(c)(3) charitable organization, with the original Declaration of Trust created in 1972 terminated. All trust assets were transferred to the new nonprofit corporation. HAF, its affiliates and supporting organizations are governed by no fewer than eight Board of Directors who oversee fiduciary and legal responsibilities in accordance with California State law.

NOTE 1 – Organization *(continued)*

The Humboldt Health Foundation (HHF), formerly the Union Labor Health Foundation, is a supporting organization of the Foundation. The Foundation is responsible for expenditures of HHF for specific charitable purposes. This responsibility is ensured by the presence of two board members appointed to the Board of HHF by the Foundation. HHF's charitable purpose is to expand access to affordable, quality health care for underserved individuals, families, groups and communities, and to promote fundamental improvements in the health status of the people of Humboldt County. Upon dissolution of HHF, the assets of HHF would transfer to the Foundation. The accompanying consolidated financial statements include all activities of HHF.

The Foundation serves residents of Del Norte County in California and Curry County in Oregon and tribal lands by operating under the name Wild Rivers Community Foundation. The accompanying consolidated financial statements include all activities in those regions.

The Foundation is the 100% owner of Leavey Ranch, LLC (the LLC), a 240 acre historic working ranch that supports education-based research in rangeland management, wildlife, forestry, and fisheries. The accompanying consolidated financial statements include all activities of the LLC.

The accompanying consolidated financial statements include all activities of Humboldt Health Foundation, Wild Rivers Community Foundation, and Leavey Ranch LLC.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and HHF, its supporting organization. All material inter-organization transactions and balances have been eliminated upon consolidation.

Basis of Presentation of Financial Statements

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Comparative Financial Information

The accompanying consolidated 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 full comparison of operations year over year. Accordingly, these comparative consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Unconditional Promises to Give

Unconditional promises to give are stated at the amount management expects to receive. The Foundation provides an allowance for probable uncollectible promises to give through an adjustment to the allowance based on its assessment of each promise using the Finance Committee approved valuation allowance rules. The valuation considers liquidity of the gift, accuracy of the estimate and length of time until expected realization of the gift. Promises that are deemed uncollectible are written off.

Investments

Investments are stated at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at fair value in the statement of financial position, and the changes in fair value are reported as investment income in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

The Foundation maintains four master investment accounts for the various types of funds within the Foundation. Realized and unrealized gains and losses and income from the master investment accounts are allocated monthly to individual funds based on individual average daily fund balances.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Investments (continued)

The four master accounts are as follows:

- *Fixed income pool* focuses on maintaining the principal of the fund and is invested in money market accounts over a short duration.
- *Mid-term pool* is investments with a shorter time frame of three to five years. The pool is composed of 60 percent fixed income investments, 35 percent equity investments, and 5 percent real estate securities.
- *Long-term pool* is investments with a long-term horizon and is invested 70 percent in equities, 15 percent in fixed income, 10 percent in the absolute return fund, and 5 percent real estate equities.
- *Socially responsible pool* focuses on investments that address climate change, sustainability, other social issues, and maintain good governance practices. This fund is invested 80 percent in equities and 20 percent in fixed income.

Property and Equipment

The Foundation's policy is to capitalize asset additions over $2,500. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally three to forty years. Expenditures for repairs and maintenance are expensed as incurred.

Grants Payable

Unconditional grants are recognized when approved and communicated to the grantee. Grants approved by the Board of Directors that are payable upon the performance of specified conditions by the grantee are not reflected in grants payable until those conditions are satisfied. There were two conditional grants outstanding at June 30, 2021 and 2020 for $240,000 and $360,000, respectively.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Agency Pass-Through Funds

In accordance with accounting standards generally accepted in the US (US GAAP), when a nonprofit organization, such as a community foundation, accepts a contribution from a donor and agrees to transfer those assets, the return on investment on those assets, or both, to another entity that is specified by the donor, the community foundation must account for the transfer of such assets as if it is holding the funds as an agent of the donor. These funds, identified as agency funds, are included in the Foundation's assets with an off-setting liability on the consolidated statement of financial position. The liability is valued at fair value of the agency funds, estimated by the Foundation. Activities related to the agency funds do not affect the change in net assets of the Foundation.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in nets assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Classification of Net Assets (continued)

The Foundation's corporate bylaws and contribution documents grant the Foundation variance power that, in effect, gives the Foundation control over all grant disbursements. In addition, all donor funds are subject to an annual spending policy which may require the use of the principal from time to time to regulate the flow of grant dollars to optimize total investment return on the fund assets and grant dollars delivered to the community. Consequently, all contributions are classified as net assets without donor restrictions if they are available to the Foundation with no restriction as to when the funds are available for expenditure.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service revenue and event sponsorships received in advance are deferred to the applicable period in which the related services are performed or event occurs. There were no conditional promises to give received during the fiscal years ended June 30, 2021 or 2020.

Donated Services and In-Kind Contribution

Contributed goods and use of facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of securities are recorded at the average of the quoted high and low market price on the date of donation. Contributions of real estate are recorded at appraised and estimated fair value on the date received and generally made available for sale as soon as practical. During the fiscal years ended June 30, 2021 and 2020, the Foundation did not receive any donated goods or services.

Outreach, Promotion and Development

Outreach, promotion and development, or advertising expenditures, are charged to operations when incurred. Advertising expense for the years ended June 30, 2021 and 2020 was $187,126 and $139,979, respectively.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Income Tax Status

The Foundation and its supporting organization have received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Leavey Ranch, LLC is a single-member limited liability company, wholly owned by the Foundation. Accordingly, all activity is reported under the Foundation's name and Leavey Ranch, LLC assumes the same tax status as the Foundation.

Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt Foundation returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Financial Instruments and Credit Risk

Concentration risk is managed by placing cash and cash equivalents with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. During the fiscal year ended June 30, 2021, the Foundation utilized a Deposit Placement Agreement by which funds are deposited with multiple banks to maintain levels below the maximum Federal Deposit Insurance Corporation (FDIC) deposit insurance limits. Funds in the program at June 30, 2021 and 2020 totaled $2,654,019 and $4,000,082, respectively. Credit risk associated with unconditional promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Board of Directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Accounting Pronouncements Adopted

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments to Topic 820 makes changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. ASU 2018-13 became effective for nonpublic business entities for the annual reporting period beginning after December 15, 2019.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The Foundation is in the process of evaluating the impact of this statement and potential effects on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is aimed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021. The Foundation is in the process of evaluating the impact of this statement and potential effects on the financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through November 10, 2021, which was the date these consolidated financial statements were available to be issued for the fiscal year ended June 30, 2021. Refer to Note 19 for additional information.

NOTE 3 – Liquidity and Availability

Financial assets available to meet cash needs for general expenditures within one year are as follows as of June 30:

	2021	2020
Cash and cash equivalents	$ 5,964,103	$ 6,296,368
Unconditional promises to give, net	826,881	418,628
Investments	165,811,034	125,430,021
Total financial assets	172,602,018	132,145,017
Less: amounts unavailable for general expenditures within one-year, as a result of:		
Donor restrictions:		
Funds subject to time or purpose restrictions	(3,123,032)	(2,076,749)
Endowments	(5,720,245)	(5,713,144)
Investments in property and equipment, net	(308,960)	(317,600)
	(9,152,237)	(8,107,493)
Board-designated funds:		
Operating reserves	(1,242,020)	(1,094,882)
Investment in property and equipment, net	(4,159,765)	(4,261,459)
	(5,401,785)	(5,356,341)
Investments measured at NAV	(14,843,641)	(11,303,096)
Investments held for agency pass-through funds	(33,242,919)	(24,885,191)
Unconditional promises to give, net due in more than one-year	(17,061)	(54,471)
	(48,103,621)	(36,242,758)
Financial assets available to meet cash needs for general expenditures within one-year	$ 109,944,375	$ 82,438,425

Operating liquidity comes from fees, grants, donations, and distributions from the reserve funds. Fee income is assessed monthly and based on the average daily balance of funds administered by the Foundation. Reserve distributions are assessed quarterly or as the budgeted needs arise.

NOTE 3 – Liquidity and Availability *(continued)*

Grant liquidity is provided through either the long-term and socially responsible equity pools or the short-term fixed income pool. The long-term equity and socially responsible equity pools typically maintain $150,000 - $350,000 in cash for grant-making purposes. This amount may be exceeded during periods of high grant making activity when the need for additional cash arises. During the fiscal year ended June 30, 2021, the Foundation maintained more cash-on-hand than previous fiscal years to meet the short lead time for grant making in response to the COVID-19 and California wild fires. Cash for grant-making purposes in excess of one month are transferred to an investment sweep account. Over 85% of the Foundation's long-term and socially responsible equity pools are held in publicly-traded securities which can be readily liquidated when needed.

The short-term fixed income pool is invested in laddered certificates of deposit (CDs) and other short-term instruments that can be redeemed as needed. The Foundation's reserve funds are invested in the mid-term pool. Included in the reserve funds is an operating reserve that can be used with approval from the Board of Directors to carry any shortfalls in operations. All funds are monitored to ensure the spending rates are in compliance with the gift instrument under which the fund was established.

At June 30, 2021 and 2020, an additional $99,614,547 and $77,769,504, respectively, of donor-endowed funds classified as net assets without donor restrictions would not be considered available to meet general expenditures within one-year, leaving the financial assets of $10,329,828 and $4,668,921, respectively, available for general expenditures. In the event of an unanticipated liquidity need, the Foundation has Board-designated operating reserves that can be used with Board approval for administrative and operating expenses. The Board-designated reserve funds have balances of $1,242,020 and $1,094,882 as of June 30, 2021 and 2020, respectively.

NOTE 4 – Unconditional Promises to Give

Unconditional promises to give consisted of the following at June 30:

	2021	2020
Amounts expected in less than one year	$ 1,336,400	$ 471,633
Amounts expected in one to five years	--	--
Amounts expected in more than five years	117,885	217,886
	1,454,285	689,519
Less: discount to net present value	(12,410)	--
Less: allowance for uncollectible amounts	(614,994)	(270,891)
Total	$ 826,881	$ 418,628

NOTE 4 – Unconditional Promises to Give *(continued)*

Unconditional promises to give are composed of amounts expected to be received from decedents' estates or trusts, and amounts to be received from charitable remainder trusts for which the Foundation is named as beneficiary, but not named as trustee. It is reasonably possible that these estimates could fluctuate based on changes in future market prices in the near term.

Unconditional promises to give expected in more than five years are discounted to net present value using a rate of 5% at June 30, 2021. There was no net present value discount for the fiscal year ended June 30, 2020 deemed necessary by management.

NOTE 5 – Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

Nonmarketable securities are valued at net asset value (NAV) per share, or its equivalent, as a practical expedient, as reported by the investment manager unless specific evidence indicates the NAV should be adjusted.

NOTE 5 – Fair Value Measurements and Disclosures *(continued)*

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2021:

	Total	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Certificates of deposit	$ 295,690	$ --	$ 295,690	$ --
Fixed income funds	224,041	224,041	--	--
Common stock	3,574,967	3,574,967	--	--
ETF's & CEF's	249,322	249,322	--	--
Global equity funds	29,487,028	29,487,028	--	--
Mutual funds	116,940,118	116,940,118	--	--
Regional mission-based investments	1,992,065	1,992,065	--	--
Government securities	196,227	196,227	--	--
	152,959,458	152,663,768	295,690	--
Investments at NAV	14,843,641			
Total	$ 167,750,240			
LIABILITIES				
Agency pass-through funds	$ 36,342,975	$ --	$ --	$ 36,342,975

NOTE 5 – Fair Value Measurements and Disclosures *(continued)*

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2020:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Certificates of deposit	$ 293,501	$ --	$ 293,501	$ --
Fixed income funds	861,729	861,729	--	--
Common stock	3,060,660	3,060,660	--	--
Fixed income funds	17,176,980	17,176,980	--	--
Global equity funds	87,887,261	87,887,261	--	--
Real estate securities funds	150,054	150,054	--	--
Government securities	4,696,740	4,696,740	--	--
	114,126,925	113,833,424	293,501	--
Investments at NAV	11,303,096			
Total	$ 125,430,021			
LIABILITIES				
Agency pass-through funds	$ 27,613,394	$ --	$ --	$ 27,613,394

The changes in Level 3 assets are summarized as follows for the fiscal year ended June 30:

	2020
Fair value, beginning of the year	$ 49,213
Unrealized loss on privately-held equities	--
Reclassified privately-held equities	--
Liquidation of privately-held equities	(49,123)
Fair value, end of the year	$ --

There were no Level 3 assets at June 30, 2021.

NOTE 5 – Fair Value Measurements and Disclosures *(continued)*

The changes in Level 3 liabilities are summarized as follows for the fiscal years ended June 30:

	2021	2020
Fair value, beginning of the year	$ 27,613,394	$ 28,524,901
Additions to the funds	1,846,889	1,274,461
Investment income, net	8,940,090	569,402
Management fees	(246,175)	(217,489)
Expenses	(28,760)	(25,626)
Withdrawal of funds by agency	(1,782,463)	(2,512,255)
Fair value, end of the year	$ 36,342,975	$ 27,613,394

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent at fiscal year ended June 30, 2021:

Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Absolute return fund	(a)	$12,715,687	$ --	Quarterly-Illiquid	90 days
Private credit fund	(b)	2,118,744	3,890,742	Liquidate	7 days
Private equity fund	(c)	9,210	20,000	Liquidate	n/a
Total		$ 14,843,641	$ 3,910,742		

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent at fiscal year ended June 30, 2020:

Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Absolute return fund	(a)	$11,290,491	$ --	Quarterly-Illiquid	90 days
Private equity fund	(c)	12,605	20,000	Liquidate	n/a
Total		$ 11,303,096	$ 20,000		

NOTE 5 – Fair Value Measurements and Disclosures *(continued)*

(a) The Absolute Return Fund is a fund-of-funds format employing a variety of strategies, including, but not limited to, multi-strategy, long/short equity, arbitrage, event-driven, distressed debt and credit. This fund has the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivative, and invest in the debt or equity of public and private companies in domestic and foreign markets. The Angeles Absolute fund has redemption restrictions limiting redemptions to time periods. There are no unfunded commitments.

(b) The Private Credit Fund is an investment in Angeles Private Credit Fund LP, a Delaware limited partnership. The investment objective of the Fund is to achieve attractive risk-adjusted returns by primarily pursuing credit-oriented investment strategies. The Fund is permitted to make such investments in independent investment funds or accounts ("Portfolio Funds") advised by investment managers ("Portfolio Managers") and/or by investing in co-investments into direct investments in equity or debt alongside Portfolio Funds or other direct investments in equity or debt ("Direct Investments"). These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2021 there were $3,890,742 in unfunded commitments.

(c) The Private Equity Fund is an investment in Blackrock Fulton Street Fund, L.P., a limited partnership that seeks to provide capital appreciation through diversified investments in private equity, and externally managed pooled investment vehicles, as well as investments in private companies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more.

NOTE 6 – Mission Related Investments

The Foundation's Board of Directors has approved a policy for investing up to five percent of the long-term investment pool in local investments. Mission related investments are to support community related projects that align with and support the philanthropic objectives of the Foundation. These loans are generally due over a period of one to fifteen years with stated interest rates of 1 to 7.5 percent and are designed to match the returns of the Foundation's fixed income portfolio. At June 30, 2021 and 2020, up to approximately $6,620,000 and $6,180,000, respectively, was available for local investments; $1,992,065 and $2,591,941, respectively, was outstanding.

NOTE 6 – Mission Related Investments *(continued)*

The following is a summary of investments outstanding at the fiscal years ended June 30:

	2021	2020
Northern California Indian Development Council	$ 337,992	$ 346,365
Friends of Redwood Acres Fairgrounds	85,370	95,718
CASA Del Norte	--	10,052
Hoopa Tribe	868,046	689,806
City of Blue Lake Town Center	198,679	200,000
Paycheck Protection Program Loans	--	750,000
Business Resilience Loans	184,448	500,000
Eureka Theatre	225,000	--
Resident Owned Parks	92,530	--
Total	$ 1,992,065	$ 2,591,941

During the fiscal year ended June 30, 2020, the Foundation purchased eight Paycheck Protection Program loans for nonprofit agencies from a local financial institution in response to the COVID-19 pandemic. In addition, the Foundation made available $500,000 to a local economic development agency to purchase participations in thirty loans to small businesses. During the fiscal year ended June 30, 2021, the loans were $3,101,993. Management has determined that an allowance for uncollectible loans was not considered necessary at June 30, 2021 or 2020.

NOTE 7 – Endowment

The Foundation's Board of Directors is charged with the responsibility for management of the endowed assets. To assist in carrying out this duty, the Foundation has adopted an investment policy that prioritizes preservation of capital, long-term growth, and adherence to the prudent person investment philosophy. To enact this policy, the Foundation's investment strategy emphasizes total return, assuming a level of risk consistent with reasonable and prudent investment practices for such funds. Additionally, the endowment spending policy is in compliance with the regulation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the State of California in 2009, to ensure the prudent management of endowed funds in the disbursement of current earnings in support of the Foundation, and to meet future needs established by the donors. The Foundation has established a target annual spending policy of 4.5% of the most recent 16-quarter trailing average market value of the endowed fund.

UPMIFA allows a charity to appropriate for expenditure, or accumulate, so much of an endowment fund as the charity determines is prudent for the purposes for which the fund was established. Considerations include the duration and preservation of the endowment fund, the purposes of the charity and the fund, general economic condition, effects of inflation and deflation, expected total return from income and appreciation, the charity's other resources, and the charity's investment policy.

NOTE 7 – Endowment *(continued)*

Under the terms of the UPMIFA, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

The Board of the Foundation has adopted a total return policy, that is, annual spending may be comprised of income, realized capital gains, unrealized capital gains, of principal, or any combination thereof as determined to be prudent when taking into account those factors and considerations relevant to the Foundation and outlined in UPMIFA.

The spending policy sets grant payouts and administrative fees as a percentage of total assets, calculated on the average of the trailing 16 quarterly values. With the goal of creating stability of assets over time, the Investment Committee annually reviews and makes recommendations regarding the spending policy to the Board. During periods of higher-than-expected return, principal balances will increase, and during times of lower-than-expected return, past appreciation of principal or principal will be used to maintain payout fates. Even with this smoothing of the impact of changes in spending and investment returns, there is a possibility that both nominal and inflation-adjusted spending may experience year-to-year declines.

The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is approximately 6.3 percent, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

At times certain individual endowment funds may have their fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. However, the Foundation further recognizes that a decline below original gift value threatens that fund's ability to make future grants on the scale intended by the donor. At June 30, 2021 and 2020, there were no underwater endowments.

For the fiscal year beginning July 1, 2021, the Foundation changed the spending policy to 4.5% of the average fair value of the assets over the trailing 16 quarters, down from 5.0% during the prior fiscal year.

NOTE 7 – Endowment *(continued)*

The Foundation's endowment funds, by net asset classification, were as follows as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ 2,694,561	$ 5,720,245	$ 8,414,806

The Foundation's endowment funds, by net asset classification, were as follows as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ 958,491	$ 5,713,144	$ 6,671,635

NOTE 8 – Property and Equipment

The Foundation conducts its main operations at 363 Indianola Road, Bayside, California. The real property was previously held in trust under the will of Vera P. Vietor and was transferred to the Foundation as successor trustee on January 17, 1995. The Vietor Trust was terminated on December 31, 2010. The property was transferred to the Foundation on April 17, 2015. The Foundation continues to follow all the terms of the Trust and considers these as assets with donor restrictions.

Property and equipment are summarized as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Building and improvements	$ 3,143,999	$ 345,600	$ 3,489,599
Furniture and equipment	129,740	--	129,740
Vehicles	26,610	--	26,610
	3,300,349	345,600	3,645,949
Less accumulated depreciation	(1,204,040)	(224,640)	(1,428,680
Land	2,063,456	188,000	2,251,456
Total	$ 4,159,765	$ 308,960	$ 4,468,725

NOTE 8 – Property and Equipment *(continued)*

Property and equipment are summarized as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Building and improvements	$ 3,139,957	$ 345,600	$ 3,485,557
Furniture and equipment	155,283	--	155,283
Vehicles	26,610	--	26,610
	3,321,850	345,600	3,667,450
Less accumulated depreciation	(1,123,847)	(216,000)	(1,339,847)
Land	2,063,456	188,000	2,251,456
Total	$ 4,261,459	$ 317,600	$ 4,579,059

Depreciation expense for the fiscal years ended June 30, 2021 and 2020 were $114,376 and $107,104, respectively.

NOTE 9 – Grants Payable

The Foundation's grants payable were approved for payment by the Board of Directors. Future commitments are as follows:

For the fiscal year ending June 30,	
2022	$ 1,004,794
2023	4,000
2024	4,000
Total	$ 1,012,794

There was no net present value discount deemed necessary by management as the amount would be considered immaterial to the consolidated financial statements.

NOTE 10 – Paycheck Protection Program (PPP) Loan

During April 2020 and April 2021, the Foundation received loan proceeds of $573,700 and $565,487, respectively, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full time equivalent (FTE) headcount levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four week period following loan funding. In February 2021, the Foundation's application for forgiveness was approved and the full amount of the first PPP loan was recognized as grant revenue on the statement of activities.

While the Foundation currently believes that the loan forgiveness was based on meeting the eligibility criteria, the Small Business Administration (SBA) reserves the right to re-review the loan application and subsequent forgiveness within six years following the date of loan forgiveness.

NOTE 11 – Split Interest Agreements

The Foundation administers fourteen charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (often the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are distributed to end-of-term beneficiaries and then the rest is available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of activities as a contribution with donor restrictions in the period the trust is established. The changes in the assets held in the charitable remainder trusts were as follows for the fiscal year ended June 30:

	2021	2020
Beginning balance	$ 1,801,026	$ 3,438,003
Contributions	807,218	--
Investment income, net	613,454	17,318
Final distributions	(245,930)	(1,424,806)
Management fees	(29,453)	(31,322)
Beneficiary distributions	(168,127)	(191,510)
Expenses	(6,640)	(6,657)
Ending Balance	$ 2,771,548	$ 1,801,026

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Present values of the estimated future payments are calculated using a discount rate and applicable mortality tables and totaled $1,529,475 and $971,163 for the fiscal years ended June 30, 2021 and 2020, respectively.

NOTE 12 – Commitments

Annual Pension Payments

The Foundation is committed, and funds have been set aside, to make annual pension payments of $9,000 for the next 9 years.

Operating Leases

The Foundation is committed under various equipment leases through October 2023. Future minimum lease commitments are as follows:

For the fiscal year ending June 30,	
2022	$ 17,166
2023	16,613
2024	3,068
Total	$ 36,847

Lease expense for the fiscal years ended June 30, 2021 and 2020 was $27,299 and $27,547, respectively.

NOTE 13 – Net Assets

Net Assets without Donor Restrictions

Board-Designated Operating Reserves

The Foundation has four Board-designated operating reserve funds to be used when economic circumstances limit the income for operations. The Board considers it prudent management to plan for possible downturns in the economy with the ability to continue operations and continue to respond to the community during economic challenges.

The Board-designated operating reserve is allocated as follows for the fiscal years ended June 30:

	2021	2020
Operating reserve	$ 1,052,138	$ 902,999
Strategic programs reserve	47,267	40,567
Technology reserve	125,077	136,263
Deferred maintenance reserve	17,538	15,053
Total	$ 1,242,020	$ 1,094,882

NOTE 13 – Net Assets *(continued)*

Net Assets without Donor Restrictions (continued)

Net assets without donor restrictions were as follows as of June 30:

	2021	2020
Board-designated		
Designated by the Board for operating reserves	$ 1,242,020	$ 1,094,882
Invested in property and equipment	4,159,765	4,261,459
Total Board-designated	5,401,785	5,356,341
Undesignated	124,639,833	95,103,161
Total	$ 130,041,618	$ 100,459,502

Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of June 30:

	2021	2020
Subject to expenditure for specified purpose:		
Programmatic activities	$ 1,875,930	$ 1,244,448
Restricted property	311,120	317,600
Subject to the passage of time:		
Assets held under split interest agreements, net	1,243,175	829,862
Perpetual in nature, the earnings from which are subject to spending policies or appropriation:		
Endowed assets formerly held in trust	5,720,245	5,713,144
Annuity	1,767	2,439
Total	$ 9,152,237	$ 8,107,493

NOTE 13 – Net Assets *(continued)*

Net Assets with Donor Restrictions (continued)

Net assets released from donor restrictions included the following during the fiscal years ended June 30:

	2021	2020
Satisfaction of purpose restrictions:		
Programmatic activities	$ 717,285	$ 1,116,789
Distributions (proceeds were not restricted by donors):		
Assets held under split-interest agreements	245,930	1,424,805
Restricted property	7,151	8,640
Total	$ 970,366	$ 2,550,234

NOTE 14 – Concentrations

For the fiscal years ended June 30, 2021 and 2020, two estates and one estate constituted 48% and 44% of net unconditional promises to give, respectively.

During the fiscal year ended June 30, 2020, the Foundation derived 44% of contribution revenue from two donors. There were no concentrations of contribution revenue during the fiscal year ended June 30, 2021.

NOTE 15 – Retirement Plan

The Foundation has a tax-deferred annuity plan as covered by Internal Revenue Code Section 403(b) (the Plan). Regular employees working a minimum of twenty hours per week are eligible to enter the Plan as a participant (a) solely for the purpose of making elective deferrals, upon date of hire; and (b) solely for the purpose of receiving employer nonelective contributions, upon completing six months of service. Total employer contributions as of June 30, 2021 and 2020 were $188,928 and $155,121, respectively.

NOTE 16 – Functional Expenses

The costs of programs and grants and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and grants and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, community convening, conferences and meetings, depreciation, equipment and leases, information technology, insurance, other professional services, occupancy, office expenses, outreach, promotion, and development, travel, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 17 – Affordable Housing Grant

The Foundation received a $1 million gift to support local affordable housing during the fiscal year ended June 30, 2019. During the same fiscal year, the Foundation made a $1 million loan to an affordable housing project in Samoa, California. The note has a fifty-five year term, 3 percent annual interest to accrue, and no payments are required until maturity. Due to the charitable purpose of the project and the long tenure of the note, the Foundation has chosen to account for this as grant expense. Upon future receipt of payments for interest and/or principal, the Foundation will recognize as income at that time.

NOTE 18 – Statements of Cash Flow Supplemental Disclosures

For the fiscal years ended June 30:

	2021	2020
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	$ 1,720,955	$ 2,265,854
Noncash financing transactions	$ 573,700	NONE

NOTE 19 – Subsequent Events and Economic Uncertainty

The Foundation's operations and finances continue to be impacted by the novel coronavirus (COVID-19) global pandemic that began in March 2020. This includes changes to the ability of certain in-person programs to take place and changes in operations as employees continue to primarily work from home, except for a few staff members performing essential functions that require an on-site presence. The Foundation continues to incur additional costs to provide staff with equipment, ergonomic work spaces, and access to internet and cell phones.

The impact of COVID-19 and the associated restrictions continue to impact on the communities the Foundation serves. In the Spring of 2020, the Foundation created the COVID-19 Regional Response Fund, which along with other associated funds raised over $3.9 million as of June 30, 2021. The Foundation has granted $3.3 million from these funds as of the fiscal year ended June 30, 2021, and is continuing grantmaking on a weekly schedule so that needs in the region can be addressed quickly.

Also in response to the pandemic, the Foundation's Board authorized an increase in the Foundation's payout rate from 4.5% to 5% for the fiscal year 2020-2021. This increased the Foundation's grant making for the current fiscal year by approximately $500,000.

Pursuant to the Foundation's Local Investment Policy, the Board authorized up to $2 million in loans to nonprofit agencies and small businesses to support organizations impacted by COVID-19.

The onset of the nationwide shelter-in-place efforts resulted in a significant decline in the aggregate amount of the Foundation's investment pools. However, subsequent market increases have brought the investment pools back to pre-pandemic levels and then above pre-pandemic levels at June 30, 2021. The Foundation expects continued market volatility in the near-term. The ultimate impact of COVID-19 on the financial performance of the Foundation's investments is not reasonably estimable at this time.

COVID-19 could continue to adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect funding streams. Any of the foregoing could harm the Foundation and it cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact its business model. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.