

WHATCOM COMMUNITY FOUNDATION

Consolidated Financial Statements

For the Year Ended June 30, 2024

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Independent Auditor's Report

**To the Board of Directors and Audit Committee
Whatcom Community Foundation
Bellingham, Washington**

Opinion

We have audited the accompanying consolidated financial statements of Whatcom Community Foundation and subsidiary (collectively, the Foundation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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 Auditor's 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.



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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Clark Nuber PS

Certified Public Accountants
September 25, 2024

Independent Auditor's Report

**To the Board of Directors and Audit Committee
Whatcom Community Foundation
Bellingham, Washington**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Whatcom Community Foundation and subsidiary (collectively, the Foundation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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) and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 24 - 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Clark Nuber PS

Certified Public Accountants
September 25, 2024

WHATCOM COMMUNITY FOUNDATION

Consolidated Statement of Financial Position June 30, 2024 (With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 5,312,504	\$ 3,179,257
Restricted cash	65,000	65,000
Accounts receivable	398,250	660,712
Notes receivable	1,110,888	250,000
Prepaid expenses and other assets	274,653	
Investments	64,860,001	57,763,812
Restricted investments	1,838,913	1,780,328
Beneficial interest in charitable lead annuity trust	2,393,153	4,332,528
Right-of-use asset - operating lease	5,188	17,385
Property and equipment, net of depreciation	<u>10,519,304</u>	<u>10,532,133</u>
Total Assets	<u>\$ 86,777,854</u>	<u>\$ 78,581,155</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 444,364	\$ 714,414
Grant and scholarship awards payable	618,347	668,667
Guarantee liability	157,365	157,365
Lease liability - operating	5,306	17,628
Funds held for others	<u>4,457,189</u>	<u>3,999,245</u>
Total Liabilities	5,682,571	5,557,319
Net Assets:		
Without donor restrictions-		
Operating	64,765,396	56,055,828
Board-designated	<u>3,207,500</u>	<u>1,916,530</u>
Total without donor restrictions	67,972,896	57,972,358
With donor restrictions	<u>13,122,387</u>	<u>15,051,478</u>
Total Net Assets	<u>81,095,283</u>	<u>73,023,836</u>
Total Liabilities and Net Assets	<u>\$ 86,777,854</u>	<u>\$ 78,581,155</u>

See accompanying notes.

WHATCOM COMMUNITY FOUNDATION

**Consolidated Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Revenue and Support:				
Contributions	\$ 6,645,875	\$ 33,071	\$ 6,678,946	\$ 6,561,640
In-kind contributions	10,557		10,557	1,819,361
Grant income	1,446,436		1,446,436	857,046
Program income	48,732	708,303	757,035	965,513
Lease income		278,270	278,270	265,578
Management fee	47,645		47,645	43,673
Total Operating Revenue and Support	8,199,245	1,019,644	9,218,889	10,512,811
Net Assets Released From Restrictions	3,033,564	(3,033,564)		
Total Revenue and Net Assets Releases	11,232,809	(2,013,920)	9,218,889	10,512,811
Operating Expenses:				
Program	7,733,863		7,733,863	9,352,306
Management and general	926,780		926,780	1,129,855
Fundraising	161,798		161,798	161,015
Total Operating Expenses	8,822,441		8,822,441	10,643,176
Nonoperating Gains and Losses:				
Investment return	7,575,473	84,829	7,660,302	6,210,238
Other loss	(63,935)		(63,935)	(15,713)
Change in value of beneficial interest in trust	78,632		78,632	113,203
Total Nonoperating Gains and Losses	7,590,170	84,829	7,674,999	6,307,728
Change in Net Assets	10,000,538	(1,929,091)	8,071,447	6,177,363
Net assets, beginning of year	57,972,358	15,051,478	73,023,836	66,846,473
Net Assets, End of Year	\$ 67,972,896	\$ 13,122,387	\$ 81,095,283	\$ 73,023,836

See accompanying notes.

WHATCOM COMMUNITY FOUNDATION

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
Awards granted	\$ 5,866,904	\$ -	\$ -	\$ 5,866,904	\$ 8,417,535
Salaries, benefits and taxes	730,313	585,524	108,129	1,423,966	1,247,071
Consultants	944,347	77,693	12,059	1,034,099	399,420
Professional services	4,937	64,851	896	70,684	90,494
Development and communications	9,716		22,669	32,385	64,879
Property taxes and equipment maintenance	30,602	49,676	5,556	85,834	54,905
Depreciation	6,921	8,833	1,257	17,011	16,829
Other	140,123	140,203	11,232	291,558	352,043
	<u>\$ 7,733,863</u>	<u>\$ 926,780</u>	<u>\$ 161,798</u>	<u>\$ 8,822,441</u>	<u>\$10,643,176</u>

See accompanying notes.

WHATCOM COMMUNITY FOUNDATION

Consolidated Statement of Cash Flows For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 8,071,447	\$ 6,177,363
Adjustments to reconcile changes in net assets to net cash provided by operating activities-		
Depreciation	17,011	16,829
Realized and unrealized gain on investments	(5,876,499)	(4,918,931)
Interest accrued on notes receivable	(25,435)	
Change in present value discount of beneficial interest in trust	78,632	(113,203)
Contribution of land		(1,806,910)
Change in guarantee liability		53,053
Loss on sale of land		15,713
Changes in operating assets and liabilities:		
Accounts receivable	262,462	(550,476)
Prepaid expenses and other assets	(274,653)	1,500
Beneficial interest in charitable lead annuity trust	1,860,743	2,018,008
Accounts payable and accrued expenses	(270,050)	572,434
Grant and scholarship awards payable	(50,320)	(415,683)
Operating lease liability, net of right-of-use asset	(125)	243
Funds held for others	457,944	176,215
Net Cash Provided by Operating Activities	4,251,157	1,226,155
Cash Flows From Investing Activities:		
Repayment of notes receivable	281,547	100,000
Distributions of notes receivable	(1,117,000)	(250,000)
Proceeds from the sale of land		1,790,910
Proceeds from sale of investments	11,730,131	16,122,034
Purchase of investments	(13,008,406)	(32,285,171)
Purchases of property and equipment	(4,182)	(2,432)
Net Cash Used in Investing Activities	(2,117,910)	(14,524,659)
Net Change in Cash, Cash Equivalents and Restricted Cash	2,133,247	(13,298,504)
Cash, cash equivalents, and restricted cash, beginning of year	3,244,257	16,542,761
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 5,377,504	\$ 3,244,257
Cash Consists of the Following at June 30:		
Cash and cash equivalents	\$ 5,312,504	\$ 3,179,257
Restricted cash	65,000	65,000
Total Cash	\$ 5,377,504	\$ 3,244,257
Supplemental Disclosure:		
Donated land received	\$ -	\$ 1,806,910

See accompanying notes.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Organization

Whatcom Community Foundation (the Community Foundation) is a nonprofit corporation incorporated in the State of Washington in 1996 to strengthen and enhance communities of Whatcom County, Washington so that everyone who lives there thrives. With the generous support of individuals, businesses, and other funders, the Community Foundation grants to a wide range of organizations with innovative community building programs in economic and community development, food and agriculture, education, arts and culture, health and wellness, affordable housing, nonprofit capacity building, disaster preparedness, relief and recovery, and the environment. The Community Foundation's mission is to cultivate neighborliness, lift community voices, and invest in equity and hope.

The Community Foundation is active in impact investing, putting financial assets to work beyond grantmaking (e.g., loan guarantees, equity investments, etc.) in alignment with its vision and mission. Priority investment areas include affordable and workforce housing, strengthening the local food system and expanding economic opportunity through small businesses, particularly businesses owned by Black, Indigenous and people of color and people in rural communities of Whatcom County. The Community Foundation has significant investments in the form of loans and loan guarantees in multiple permanently affordable housing developments and is in the design and development stage of the Millworks project, a mixed-use, brownfield redevelopment project in a federally qualified Opportunity Zone that will include impact investing opportunities.

The Community Foundation's Strengthening Nonprofits program includes hosting and/or supporting various avenues for peer engagement, learning, coaching, technical assistance, training, and information sharing. The Community Foundation's Whatcom Scholarship Program awarded scholarships to 96 and 82 students across Whatcom County totaling \$255,600 and \$211,900 in 2024 and 2023, respectively. The Community Foundation has a Child Savings Account (CSA) program underway in collaboration with Mercy Housing Northwest and the Washington Student Achievement Council that launched in fall 2022. Through 2024, the Community Foundation has funded \$164,000 into the CSA program which has been made available to 156 youth (unaudited). CSAs are early "scholarship" awards that research shows improve maternal health, child social/emotional development and educational attainment. The early program launch is an essential component in laying the foundation for a countywide, universal/opt-out program intended to create a CSA for every child born in Whatcom County at birth.

The Community Foundation is also launching the Washington Center for Employee Ownership, a new entity incubating within the Community Foundation, that will promote and facilitate the creation and conversion of more employee-owned enterprises across Washington State. Like CSAs, there is significant research regarding the positive impacts of employee-owned businesses: higher compensation and retirement assets for employee-owners, higher productivity, reduced likelihood of layoffs following an economic shock, greater civic engagement, and significant tax benefits for sellers and businesses with some forms of employee ownership.

Supporting Organization - On November 19, 2019, Lakeland Foundation (Lakeland) became a type 1 supporting organization of the Community Foundation. Lakeland's purpose is to support the Jansen Art Center, and other local charitable causes.

Lakeland and the Community Foundation have entered into a management agreement, effective January 1, 2020, where the Community Foundation has agreed to provide services which include: grantmaking, financial management, administrative services, and Board of Director's support.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Continued

Fiscal Sponsorships - The Community Foundation is the fiscal sponsor of three organizations. The sponsored organizations are considered programs of the Community Foundation, and contributions received for the sponsored organizations are recognized as donor-restricted contributions in the consolidated statement of activities.

The Millworks LLC - The consolidated financial statements include The Millworks LLC (the LLC), a limited liability company formed in the State of Washington in April 2019, wholly owned by the Community Foundation. The Community Foundation formed the LLC and signed a memorandum of understanding in January 2021 with Mercy Housing Northwest with the intent to develop an affordable family housing development at the Port of Bellingham's Waterfront District Development Site, a strategic partner of the Foundation. See Note 3.

Principles of Consolidation - These consolidated financial statements include the accounts of the Community Foundation, Lakeland, and the LLC (collectively, the Foundation). Inter-organization transactions and balances have been eliminated in consolidation.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying consolidated financial statements were prepared using the accrual basis of accounting.

Financial Statement Presentation - The Foundation's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). These principles require the Foundation to present its net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. The Foundation has presented an unclassified consolidated statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

Nonoperating Activities - The Foundation considers return on investments, other losses, and the change in value of beneficial interest in trust to be nonoperating activities.

Cash and Cash Equivalents - Cash includes cash in a bank. Cash equivalents consist of money market funds totaling \$4,945,647 and \$2,159,266 as of June 30, 2024 and 2023, respectively.

Restricted Cash and Investments - The Foundation guarantees debt for multiple nonprofit organizations, two at June 30, 2024 and 2023, in Whatcom County. Restricted cash and investments are collateral for these guarantees. See Note 8.

Receivables - Trade accounts receivable are stated at the amount the Foundation expects to collect. The Foundation has determined that based upon historical credit loss rates adjusted for current economic conditions that an allowance for credit losses would not be material. As such, the Foundation has not recorded an allowance for credit losses at June 30, 2024 and 2023. All receivables are expected to be collected within one year.

Beneficial Interest in Charitable Lead Annuity Trust - The Foundation is a beneficiary of a charitable lead annuity trust. The beneficial interest is recorded at the net present value of expected future payments to be received on the consolidated statement of financial position.

WHATCOM COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

Note 2 - Continued

Investments - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Investments in securities traded on organized securities exchanges are valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter markets are valued at the last reported bid price. Securities are generally held in custodial investment accounts administered by certain financial institutions. Certificates of deposit held at banks are reported at original cost plus accrued interest. Private equity investments generally do not have readily determinable fair values and are recorded at cost less impairment, plus or minus changes in fair value as a result of observable price changes that occur in orderly transactions for identical or similar investments of the same issuer.

Investments are made according to the Investment Policy adopted by the Foundation's Board of Directors. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate benchmarks and indices.

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Property and Equipment Capitalization and Depreciation - The Foundation capitalizes assets with a cost greater than \$2,500 and an estimated useful life of more than one year. Purchased property and equipment are recorded at cost and donated property and equipment are recorded at fair value on the date received.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the related assets or, for leasehold improvements, over the term of the lease as follows:

Furniture	7 years
Office equipment	5 years
Leasehold improvements	Lesser of lease term or 10 years

Funds Held for Others - In accordance with U.S. GAAP, when a not-for-profit organization, such as a foundation, accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor, the 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 funds held for others, are included in the Foundation's assets with an offsetting liability on the consolidated statement of financial position. The liability is valued at the 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. See Note 10.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

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

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Net assets with donor restrictions include the charitable lead annuity trust, Lakeland, and the net assets of fiscal sponsorships.

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 net 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Foundation's Fund Agreements grant the Foundation's Board of Directors variance power over assets received, which allows the Board of Directors to modify any restriction or condition on the distribution of funds for any charitable purpose. Consequently, all contributions are classified as net assets without donor restrictions if they are made under these Fund Agreements or are available to the Foundation with no restriction as to when or which purpose the funds are available for expenditure.

Contribution and Grant Revenue - Contributions and grants are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. Contributions of assets other than cash are recorded at their estimated fair value on the date received.

Conditional promises to give are recognized as revenue when the donor-imposed conditions upon which they depend have been substantially met. Conditional grants for which conditions had not yet been met totaled \$885,642 and \$1,131,720 at June 30, 2024 and 2023, respectively. Revenue will be recognized in future periods as donor-imposed conditions are met. Conditional grants at June 30, 2024 include \$728,796 for 2025 for providing youth outdoor learning experiences in the Blaine, Mount Baker, and Nooksack Valley school districts and providing funding and resources to the local hunger relief organizations, and \$156,845 planning grant to design and develop the operations and capacity model for a farm-to-freezer program. Conditional grants at June 30, 2023 include \$565,860 for both 2024 and 2025 for providing youth outdoor learning experiences in the Blaine, Mount Baker, and Nooksack Valley school districts and providing funding and resources to the local hunger relief organizations.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

In-Kind Contributions - The Foundation receives donations of land from time to time. Such gifts are recorded as donated land and revenue at the time received and a reduction of land when sold. Land is valued based on the fair market value of the property at the time of the donation. The Foundation received and sold land valued \$1,806,910 during the year ended June 30, 2023. The remaining in-kind contributions include donations of use of space, which is used in the Foundation's operations, and laptops and Chromebooks, which are donated to individuals in the community.

Program Income - Program income consists of revenue that is earned when qualifying expenses are incurred.

Grants and Scholarship Payable and Expenses - All scholarships and most grants are approved at the staff level, as authorized by the Board of Directors. Conditional grants and scholarships are recognized only when the conditions on which they depend are met and the grant or scholarship award becomes unconditional. There were no conditional grants outstanding at June 30, 2024 or 2023.

Conditional scholarships for which payment is conditional upon student enrollment amounted to \$110,149 and \$128,849 as of June 30, 2024 and 2023, respectively. These scholarships will be recognized as a liability upon student enrollment.

Leases - The Foundation determines if an arrangement contains a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation's leases do not provide an implicit rate of return; thus, the Foundation uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. The ROU asset also includes prepaid lease payments and unamortized initial direct costs and excludes lease incentives. The Foundation has lease agreements with lease and non-lease components which are accounted for as a single lease component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less.

Concentration of Market and Credit Risk - The Foundation maintains cash balances at several financial institutions, focusing on those that are local or regional, and/or aligned with the Foundation's mission. On occasion, the Foundation may have cash balances at a financial institution in excess of federally insured limits.

For the year ended June 30, 2024, 36% of grant and contribution revenue was from one donor. For the year ended June 30, 2023, 47% of grant and contribution revenue was from two donors.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

Income Taxes - The Community Foundation and its supporting organization qualify as tax-exempt organizations, under Section 501(c)(3) of the Internal Revenue Code (the Code), and are not subject to federal or state income taxes, except on unrelated business income. In addition, the Community Foundation and its supporting organization qualify for the charitable contribution deduction under Section 170(b)(a)(A) of the Code and have been classified as organizations that are not private foundations as defined in Section 509(a) of the Code. The Community Foundation is subject to federal income tax only on "unrelated business taxable income" as defined in Section 512 of the Code. Unrelated business income tax, if any, is immaterial and no tax provision has been made in the accompanying consolidated financial statements. The Millworks LLC is wholly owned by the Community Foundation and is a disregarded entity for tax purposes.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from the estimated amounts.

Functional Allocation of Expenses - Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They can further be categorized as follows:

Program Services - Including grants awarded, impact investments, service to other nonprofits, philanthropic leadership, and civic leadership;

Development and Fundraising - Including establishing and maintaining relationships with donors; and

Management and General - Including expenses that benefit the Foundation as an entity and the management and accounting for funds.

The cost of providing the various program and supporting services has been summarized on a functional basis in the consolidated statement of activities and statement of functional expenses. These statements include expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, benefits and taxes, equipment maintenance, depreciation, and other are allocated on the basis of estimates of time and effort.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

Prior-Year Comparative Information - These 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 presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 3 - The Millworks LLC

As described in Note 1, the LLC is wholly owned by the Community Foundation. As an LLC, the liability of the member is generally limited to amounts invested. The LLC was formed for the purpose of serving as the development entity for a new mixed-use demonstration project that will include a local food campus, workforce housing, an early learning center and community partner meeting rooms and office space. The LLC currently has an option agreement with the Port of Bellingham (the Port) for the remaining portion of a three-acre parcel on the Bellingham, Washington waterfront where the project is being developed in conjunction with Mercy Housing Northwest. The LLC is the entity that will ultimately own part of the site and any relevant agreements for its development. There was no activity for the LLC for the year ended June 30, 2024 or 2023, as all costs associated with the project were paid for by the Community Foundation. Mercy Housing Northwest began construction on Phase 1, 83 permanently affordable rental units and a 6-classroom early learning and childcare center, in early 2023. Occupancy of the building was achieved in March of 2024. Planning and design for Phase 2 continues, including the local food campus and other elements. Phase 2 is anticipated to begin construction in 2025 with occupancy before the end of 2027.

Note 4 - Investments and Fair Value Measurements

Fair Value Measurements - Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 - Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs where there is little or no market data, which require the Foundation to develop its own assumptions.

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment only and should not be considered analogous to risk.

Investments are valued as follows:

Mutual Funds - Valued at the closing price reported on the active market on which the securities are traded.

Money Market Funds - Valued at cost plus accrued interest, which approximates fair value.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 4 - Continued

There were no changes in the valuation methodologies used by the Foundation for the years ended June 30, 2024 or 2023.

Investments are recorded as follows on the consolidated statement of financial position at June 30:

	<u>2024</u>	<u>2023</u>
Investments	\$ 64,860,001	\$ 57,763,812
Restricted investments	<u>1,838,913</u>	<u>1,780,328</u>
Total Investments	<u><u>\$ 66,698,914</u></u>	<u><u>\$ 59,544,140</u></u>

Investment return consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 1,783,803	\$ 1,291,307
Realized and unrealized gain on investments	<u>5,876,499</u>	<u>4,918,931</u>
Total Investment Return	<u><u>\$ 7,660,302</u></u>	<u><u>\$ 6,210,238</u></u>

Fair values of the Foundation's investments measured on a recurring basis are as follows at June 30:

	2024			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments at Fair Value:				
Mutual funds	\$ 59,270,858	\$ -	\$ -	\$ 59,270,858
Money market funds	<u>5,589,141</u>			<u>5,589,141</u>
Total Investments at Fair Value	<u><u>\$ 64,859,999</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	64,859,999
Investments at cost-				
Certificates of deposit				1,698,915
Private equity				<u>140,000</u>
Total Investments				<u><u>\$ 66,698,914</u></u>

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 4 - Continued

	2023			Total
	Level 1	Level 2	Level 3	
Investments at Fair Value:				
Mutual funds	\$ 56,048,518	\$ -	\$ -	\$ 56,048,518
Money market funds	1,715,295			1,715,295
Total Investments at Fair Value	<u>\$ 57,763,813</u>	<u>\$ -</u>	<u>\$ -</u>	57,763,813
Investments at cost-				
Certificates of deposit				1,640,327
Private equity				140,000
Total Investments				<u>\$ 59,544,140</u>

Note 5 - Notes Receivable

During the year ended June 30, 2023, the Foundation entered into two notes receivable, one for \$50,000 bearing interest at 2%, due in monthly payments of \$638 through June 1, 2030, and one with a principal balance of \$200,000 with 0% interest, and with a maturity of August 31, 2023. The outstanding balance was repaid August 15, 2023.

During the year ended June 30, 2024, the Foundation entered into three notes receivable. One note receivable has a principle balance of \$1,000,000 and bears interest at 4%, interest only payments are due monthly and the full balance of the loan to be paid July 30, 2025. The second note is for \$10,000 bearing 0% interest, with no payments due until April 30, 2024 when the balance is due in full. The third note is for \$57,000 bearing 2% interest, interest only payments due monthly with the full balance of the loan to be paid November 30, 2024.

No allowance for the notes are deemed necessary at June 30, 2024 or 2023.

Note 6 - Beneficial Interest in Charitable Lead Annuity Trust

During the year ended June 30, 2015, the Foundation became a beneficiary of a Charitable Lead Annuity Trust (CLAT) from which the Foundation will receive annual payments of \$2,018,007 beginning on December 31, 2015, through March 17, 2025. The Foundation's beneficial interest is recorded at the net present value (discounted at 1.8%) of the future distributions of \$2,393,153 and \$4,332,528 at June 30, 2024 and 2023, respectively, and is included on the consolidated statement of financial position and included as a component of net assets with donor restrictions.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 7 - Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 10,500,000	\$ 10,500,000
Furniture	13,821	13,821
Office equipment	24,866	33,067
Leasehold improvements	<u>112,661</u>	<u>112,661</u>
	10,651,348	10,659,549
Less accumulated depreciation	<u>(132,044)</u>	<u>(127,416)</u>
Property and Equipment, Net	<u><u>\$ 10,519,304</u></u>	<u><u>\$ 10,532,133</u></u>

Note 8 - Loan Guarantees

At June 30, 2024 and 2023, the Foundation has pledged funds totaling \$65,000 at a bank to guarantee one loan as of June 30, 2024 and 2023 to a small Whatcom County business as part of the Foundation's Community Mission Investment Initiative. These funds have been reported as restricted cash on the consolidated statement of financial position. U.S. GAAP requires that the Foundation record a liability for the fair value of the guarantee (i.e., the benefit provided to the borrower) at the date the guarantee is made. Management has determined that the fair value of the guarantee was not material to the consolidated financial statements; therefore, no guarantee liability has been recorded in these consolidated financial statements related to this guarantee.

At June 30, 2024 and 2023, the Foundation has pledged investments totaling \$1,698,913 and \$1,640,327, respectively, as collateral to guarantee a line of credit for a Whatcom County LLC formed by two Whatcom County nonprofit organizations to aid in a housing development program. The investments are recorded as restricted investments on the consolidated statement of financial position at June 30, 2024 and 2023. The funds are pledged through January 2026. The fair value of the guarantees at June 30, 2024 and 2023, are valued at \$157,365, and are recorded as a liability on the consolidated statement of financial position at June 30, 2024 and 2023.

The Foundation evaluates guarantees quarterly for impairment, no adjustment was required at June 30, 2024 or 2023.

Note 9 - Grants and Scholarship Awards Payable

Included in grants and scholarship awards payable are the following unconditional grants payable at June 30:

	<u>2024</u>	<u>2023</u>
Amounts due in-		
Less than one year	\$ 297,347	\$ 580,167
Two to five years	298,500	66,000
Thereafter	<u>22,500</u>	<u>22,500</u>
Total Grants and Scholarship Awards Payable	<u><u>\$ 618,347</u></u>	<u><u>\$ 668,667</u></u>

The discount for present value was immaterial at June 30, 2024 and 2023.

WHATCOM COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

Note 10 - Funds Held for Others

Funds held for others (agency funds) as of June 30, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Mount Baker Theatre Endowment Fund	\$ 1,798,293	\$ 1,658,462
Pioneer Meadows Montessori School Endowment	1,028,825	953,653
Whatcom County Library Foundation Endowment Fund	400,825	313,059
Bellingham Public Schools Foundation Agency Endowment	256,386	223,994
Nooksack Salmon Enhancement Endowment	175,391	162,998
Ferndale Band Boosters Endowment Fund	167,165	155,354
Lydia Place Endowment Fund	89,880	83,529
Explorations Academy Endowment	59,923	42,566
Bellingham Symphony Endowment Fund	49,369	45,881
Master Gardener Foundation of Whatcom County Endowment	49,026	45,426
Whatcom Human Society Endowment Fund	36,325	
Bellingham Chamber Chorale Endowment for Choral Arts	33,778	31,371
Bellingham Festival of Music Endowment Fund	32,834	27,155
Law Advocates Agency Endowment Fund	28,194	26,153
Bruce Wolf Endowment Fund	25,444	23,645
Whatcom Literacy Council Endowment	22,613	20,928
Brigid Collins Endowment Fund	19,037	16,519
Northwest Youth Services Endowment Fund	17,103	15,895
Agape Home for Women and Children Endowment Fund	16,330	15,176
Lighthouse Mission Endowment Fund	15,755	14,642
Compass Health Endowment	14,829	13,773
Eric Braun Memorial Endowment for Cedar Tree Montessori	13,848	12,869
Bellingham Parks and Recreation Endowment	11,112	9,925
Whatcom Land Trust Endowment	8,497	7,897
Ferndale Double Dome Fund	6,767	6,075
Bellingham Festival of Music Education and Outreach Endowment	2,513	2,327
Whatcom County Library Foundation Endowment Fund for-		
Blaine Library	2,382	2,128
Deming Library	3,800	3,385
Everson Library	1,743	1,535
Ferndale Library	43,104	39,613
Island Library	3,011	2,690
Lynden Library	2,677	2,391
North Fork Library	1,742	1,556
Point Roberts Library	13,947	12,458
South Whatcom Library	2,332	2,083
Sumas Library	2,389	2,134
	<u><u>\$ 4,457,189</u></u>	<u><u>\$ 3,999,245</u></u>

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 11 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Operating net assets-		
Administrative	\$ 601,545	\$ 834,023
Designated	604,525	440,723
Donor advised	3,351,704	2,914,969
Field of interest	2,466,148	1,202,649
Mission investments	518,084	501,330
Scholarship	538,218	410,646
WCF grantmaking	190,836	383,371
Sustainable Whatcom funds	202,993	(66,060)
Project	863,404	159,705
Donor established endowment funds	<u>55,427,939</u>	<u>49,274,472</u>
	64,765,396	56,055,828
Board designated net assets-		
Quasi-endowments	2,796,343	1,519,951
Operating reserve	<u>411,157</u>	<u>396,579</u>
	<u>3,207,500</u>	<u>1,916,530</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 67,972,896</u></u>	<u><u>\$ 57,972,358</u></u>

Note 12 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for future periods or for specific programs. They consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time-		
Beneficial interest in charitable lead annuity trust	\$ 2,393,153	\$ 4,332,528
Subject to expenditure for specific purpose-		
Hovander Homestead Park Beautification Fund		9,945
Programs and fiscal sponsorships	95,554	127,442
Lakeland Foundation	<u>10,633,680</u>	<u>10,581,563</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 13,122,387</u></u>	<u><u>\$ 15,051,478</u></u>

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 13 - Endowments

The Foundation's endowment consists of 130 funds established for a variety of purposes. Its endowment includes donor-established endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments).

As discussed in Note 2, due to the variance power the Foundation has over donated funds, all endowments are classified for accounting purposes as "funds without donor restrictions" and managed in accordance with the donors' intent at the discretion of the Board of Directors.

The Foundation's endowment consists of numerous funds established for a variety of purposes.

Donor-Established Endowment Funds - Funds established by donors with the intent of maintaining the original donations (corpus) in perpetuity by utilizing established spending policies.

Board Designated Quasi-Endowment Funds - Funds without donor restrictions designated by the Board with the intent of maintaining the corpus in perpetuity by utilizing established spending policies.

The Foundation follows the principles outlined in the Washington State Prudent Management of Institutional Funds Act (PMIFA) for all of its donor-established and board designated funds even though they are legally funds without donor restrictions.

In accordance with PMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-established endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

Endowment net assets are as follows as of and for the years ended June 30:

	Board Designated Quasi- Endowments	<u>Donor-Established Endowments</u>		2024 Total	2023 Total
		Accumulated Earnings	Endowment Corpus		
Donor-established endowment funds	\$ -	\$ 9,857,464	\$ 45,568,924	\$ 55,426,388	\$ 49,296,273
Board designated quasi- endowment funds	2,796,343			2,796,343	1,519,951
Endowment Net Assets	\$ 2,796,343	\$ 9,857,464	\$ 45,568,924	\$ 58,222,731	\$ 50,816,224

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 13 - Continued

Changes to endowment net assets are as follows for the years ended June 30:

	Board Designated Quasi Endowments	<u>Donor Established Endowments</u>		2024 Total	2023 Total
		Accumulated Earnings	Endowment Corpus		
Endowment net assets, beginning of year	\$ 1,519,951	\$ 4,894,798	\$ 44,401,475	\$ 50,816,224	\$ 42,135,728
Endowment investment return	239,645	6,892,763		7,132,408	5,890,559
Endowment contributions	1,254,462		1,167,449	2,421,911	4,083,240
Appropriation of endowment for expenditure	<u>(217,715)</u>	<u>(1,930,097)</u>		<u>(2,147,812)</u>	<u>(1,293,303)</u>
Endowment Net Assets, End of Year	<u>\$ 2,796,343</u>	<u>\$ 9,857,464</u>	<u>\$ 45,568,924</u>	<u>\$ 58,222,731</u>	<u>\$ 50,816,224</u>

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-established endowment funds may fall below the total amount of the gifts made to the endowment by the donor. Deficiencies of this nature existed in 12 donor-established endowment funds with deficiencies, which together had an original gift value of \$23,285,216, a current fair value of \$23,262,219 and a deficiency of \$22,997 at June 30, 2023. There were no such deficiencies in endowment funds at June 30, 2024. These deficiencies resulted from unfavorable market fluctuations that occurred in prior years.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve a long-term rate of growth sufficient to offset normal inflation, administrative fees, and management fees (if any), plus reasonable, regular distributions within prudent risk constraints. Investment risk is measured in terms of the total endowment; investment assets and allocation between asset classes and strategies are managed to not expose the endowment to unacceptable levels of risk. The distribution portion of endowed funds, as determined by the Foundation's spending policy, may be used for grantmaking or community impact investing, subject to the Foundation's impact investing policy.

Strategies Employed for Achieving Objectives - To satisfy its 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). Endowment assets are invested in a diversified asset mix, which includes equity, fixed income securities, and cash equivalents.

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 13 - Continued

Spending Policy - The Foundation has a policy of appropriating a percentage (typically 4%) of each endowment fund's average fair value of the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. No appropriations are made until a fund has been established for 12 quarters. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature, and duration of the endowment funds, and the possible effects of inflation.

Note 14 - Leases

The Foundation entered into a 10-year lease for office space commencing in November 2014. Total rent expense for the years ended June 30, 2024 and 2023, was \$35,194 and \$34,795, respectively, including in-kind rent of \$10,557 and \$10,251, respectively.

The components of lease expense for the year ended June 30, are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 12,544	\$ 11,923
Short-term and other lease costs	<u>22,650</u>	<u>22,872</u>
Total Lease Expenses	<u>\$ 35,194</u>	<u>\$ 34,795</u>

Supplemental cash flow information related to leases as of June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term - operating lease	0.4 years	1.4 years
Weighted-average discount rate - operating lease	2.88%	2.88%
Cash paid for amounts included in measurement of lease liabilities	\$ 12,670	\$ 12,301

Future minimum lease payments required under noncancelable leases are as follows:

For the Year Ending June 30,

2025	\$ 5,344
Less present value discount	<u>(38)</u>
Total Lease Liabilities	<u>\$ 5,306</u>

WHATCOM COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 15 - Pension Plan

The Foundation sponsors a defined contribution retirement plan for employees. Employer contributions equal 10% of each eligible employee's compensation after six months and are fully vested after one year of service. Pension contributions for the years ended June 30, 2024 and 2023, were \$97,746 and \$66,888, respectively.

Note 16 - Liquidity and Availability of Resources

The Foundation manages its cash to meet general expenditures and grants following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that obligations under donor-established endowments and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

General expenditures include management and general expenses, fundraising expenses and some program expenses.

Liquid financial assets available for use at June 30:

	<u>2024</u>	<u>2023</u>
Cash (unrestricted)	\$ 5,312,504	\$ 3,179,257
Investments (unrestricted)	64,860,001	57,763,812
Receivables to be collected within one year	<u>398,250</u>	<u>660,712</u>
Less financial assets unavailable for general expenditures due to designations-		
Donor-established endowment funds	(55,426,388)	(49,296,273)
Board designated quasi-endowment funds	<u>(2,796,343)</u>	<u>(1,519,951)</u>
Total Financial Assets Available for Expenditures Within One Year	<u>\$ 12,348,024</u>	<u>\$ 10,787,557</u>

Administrative fees provide an ongoing source of cash flow for general operations and programs. Fees are assessed to funds monthly, based on fund balance and/or activity. Administrative fees of \$1,126,159 and \$977,177 were charged to funds for the years ended June 30, 2024 and 2023.

The table above reflects the Foundation's consolidated financial assets. While most of the Foundation funds are subject to its variance power, the majority of these funds have specific recommendations identified by the donors, which the Foundation intends to honor. In stewarding these assets, the Foundation invests the assets with the objective of meeting donors' recommendations as well as their grantmaking time horizons.

Note 17 - Subsequent Events

Management of the Foundation has evaluated subsequent events through September 25, 2024, the date on which these consolidated financial statements were available to be issued.