

**HUMBOLDT AREA FOUNDATION
AND SUPPORTING ORGANIZATION
FINANCIAL STATEMENTS**

Year Ended June 30, 2014 and 2013

With

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

HUMBOLDT AREA FOUNDATION

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HUMBOLDT AREA FOUNDATION
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humboldt Area Foundation
Bayside, California 95524

We have audited the accompanying financial statements of Humboldt Area Foundation, a non-profit organization, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

HUMBOLDT AREA FOUNDATION

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Humboldt Area Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information schedules on pages 21 - 28 are presented for purposes of additional analysis and are 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.

David L. Moonie & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Eureka, California
October 6, 2014

HUMBOLDT AREA FOUNDATION
STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 3,851,415	\$ 2,867,154
Unconditional promises to give, net	10,316,921	6,273,392
Investments	90,297,414	78,722,460
Notes receivable from others	4,398	17,917
Property and equipment, net	2,175,873	2,203,343
Other assets	57,481	385,878
TOTAL ASSETS	<u>\$ 106,703,502</u>	<u>\$ 90,470,144</u>
LIABILITIES		
Accounts payable	\$ 101,464	\$ 56,525
Accrued expenses	100,291	104,440
Grants payable	2,020,910	1,872,558
Refundable advances	51,949	59,335
Note payable	18,719	25,252
Agency fund liability	12,914,838	12,765,708
Obligations under split interest agreements	2,601,640	2,280,866
TOTAL LIABILITIES	<u>17,809,811</u>	<u>17,164,684</u>
NET ASSETS		
Unrestricted	69,313,699	58,869,359
Temporarily restricted	12,566,266	8,301,469
Permanently restricted	7,013,726	6,134,632
TOTAL NET ASSETS	<u>88,893,691</u>	<u>73,305,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 106,703,502</u>	<u>\$ 90,470,144</u>

See accountants' report

HUMBOLDT AREA FOUNDATION

STATEMENTS OF ACTIVITIES

For The Years Ended June 30, 2014 and 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 1,308,356	\$ 7,082,869		\$ 8,391,225	\$ 5,899,864
Grant income	181,951	554,655		736,606	2,156,274
Investment income	1,607,732		\$ 203,950	1,811,682	1,749,052
Workshop and other income	50,482		689	51,171	103,800
Administrative fee income	141,037			141,037	136,870
Rental income	15,300			15,300	16,872
Net assets released from restrictions - Restrictions satisfied by time	3,787,017	(3,778,377)	(8,640)	-	
TOTAL REVENUES AND OTHER SUPPORT	7,091,875	3,859,147	195,999	11,147,021	10,062,732
EXPENSES					
Program services:					
Grant making	2,479,386		172,825	2,652,211	2,717,169
Education, outreach and training	121,529			121,529	133,471
Community programs	1,973,298			1,973,298	2,446,029
Support services:					
Administrative	980,053			980,053	770,206
Investment	195,245		6,432	201,677	198,959
Development	301,393			301,393	216,179
TOTAL EXPENSES	6,050,904	-	179,257	6,230,161	6,482,013
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments	9,418,917		862,352	10,281,269	5,703,988
Gain (loss) on disposal of assets	(15,548)			(15,548)	
Actuarial gain (loss) on annuity obligation		405,650		405,650	140,796
TOTAL GAINS AND LOSSES	9,403,369	405,650	862,352	10,671,371	5,844,784
CHANGE IN NET ASSETS	10,444,340	4,264,797	879,094	15,588,231	9,425,503
NET ASSETS BEGINNING OF YEAR (as previously stated)	59,359,666	8,301,469	5,644,325	73,305,460	63,879,957
Reclassification of funds as permanently restricted	(490,307)		490,307	-	
NET ASSETS BEGINNING OF YEAR (as restated)	58,869,359	8,301,469	6,134,632	73,305,460	63,879,957
NET ASSETS END OF YEAR	\$ 69,313,699	\$ 12,566,266	\$ 7,013,726	\$ 88,893,691	\$ 73,305,460

See accountants' report

HUMBOLDT AREA FOUNDATION
STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 15,588,231	\$ 9,425,503
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	76,945	59,625
Realized and unrealized (gain) loss on investments	(10,281,269)	(5,703,988)
Realized and unrealized (gain) loss on Agency Fund investments	(1,409,156)	(807,821)
Realized and unrealized (gain) loss on Split-interest agreement	(603,544)	(308,950)
Donated securities	(1,213,247)	(576,639)
(Gain) loss on disposition of fixed assets	15,548	
Change in actuarial annuity liability	320,774	468,351
(Increase) decrease in operating assets:		
Unconditional promises to give	(4,043,529)	(2,269,981)
Other assets	328,397	(309,067)
Increase (decrease) in operating liabilities:		
Accounts payable	44,939	(156,804)
Accrued expenses	(4,149)	(26,436)
Grants payable	148,352	(56,901)
Refundable advances	(7,386)	(37,396)
Agency fund liability	149,130	2,395,395
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(889,964)</u>	<u>2,094,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from repayments of notes receivable	13,519	13,026
Proceeds from investments	31,547,949	38,917,654
Purchase of certificates of deposit		(1,000,025)
Redemption of certificates of deposit	501,502	255,189
Purchases of investments	(30,117,189)	(41,006,370)
Purchases of equipment	(65,023)	(52,966)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,880,758</u>	<u>(2,873,492)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(6,533)	(1,608)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(6,533)</u>	<u>(1,608)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	984,261	(780,209)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,867,154</u>	<u>3,647,363</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,851,415</u>	<u>\$ 2,867,154</u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 499</u>	<u>\$ 147</u>
Supplemental schedule of non-cash investing and financing activities:		
Debt incurred for purchase of equipment	<u>\$ -</u>	<u>\$ 26,860</u>

See accountants' report

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

1. DESCRIPTION OF THE HUMBOLDT AREA FOUNDATION AND SUPPORTING ORGANIZATION

Nature of Activities

The Humboldt Area Foundation (the "Foundation" or "HAF"), a nonprofit public benefit corporation, 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, 1972, 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 operation.

On August 25, 1993, the Humboldt Area Foundation was incorporated. The original Declaration of Trust created in 1972 was terminated and all trust assets transferred to the new nonprofit corporation. HAF is governed by a Board of Directors, consisting of twelve persons, who are appointed for four-year terms. The Foundation's mission is to serve as an independent staging ground for residents, individually and in concert, to build social, economic and environmental prosperity in the Redwood, Trinity and Wild Rivers regions.

The accompanying financial statements include the accounts of the Humboldt Area Foundation and of Union Labor Health Foundation ("ULHF"), a supporting organization of the Foundation. The Foundation is responsible for expenditures of ULHF for specific charitable purposes. All material inter-organizational transactions and balances have been eliminated in preparing the financial statements. Upon dissolution of ULHF, the assets of ULHF would transfer to the Foundation.

The Foundation serves residents in the Wild Rivers Region and Trinity County by operating under the name Wild Rivers Community Foundation and the Trinity Trust. The operations are supported by boards of local residents that makes recommendations for programs and grants in their region. The accompanying financial statement includes all activities in those regions.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Foundation's financial statements include the accounts of HAF and ULHF and have been prepared on the accrual basis of accounting under the provisions of the Audit Guide for Not-for-Profit Organizations (the "Guide") published by the American Institute of Certified Public Accountants. The Guide and its related standards provide that net assets, and changes therein, are classified according to the existence of donor-imposed restrictions.

Program Services

The Foundation's programs consist of disbursement and management of grants and community programs such as education, outreach and training to qualified not-for-profit organizations. The Foundation conducts grant management in its Operating and Special Projects, Endowment and Managed Funds. The education, outreach and training are conducted in its Operating and Special Projects Funds. The Foundation's supporting organization, ULHF, is a grant making organization focused on health care in Humboldt County.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. In accordance with FASB ASC 958, *Not-for-Profits*, issued by the Financial Accounting Standards Board, assets for which the gift instruments grant the Foundation variance power are classified as unrestricted.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Agency Funds

The Foundation has a number of funds in which they act as a trustee (agency funds) and hold the assets for other charitable organizations. For these funds, an asset and a corresponding liability are recorded on the Statement of Financial Position. Also, in accordance with FASB ASC 958, the income and expenses of agency funds are not reported in the Foundation's Statement of Activities. Following is a summary of the agency fund activities for the years ending June 30, 2014 and 2013:

	2014	2013
Balance, beginning of year	\$ 12,765,708	\$ 10,370,313
Additions to the funds	1,837,370	2,143,195
Interest and dividends	249,197	315,395
Unrealized and realized investment gain(loss)	1,409,156	807,821
Other income	1,074	-
Total Increases to Agency Funds	3,496,797	3,266,411
Grants(net)	(457,716)	(738,663)
Management fees	(93,662)	(102,322)
Expenses	(22,366)	(30,031)
Withdrawal of funds by agency	(2,773,923)	-
Total Decreases to Agency Funds	(3,347,667)	(871,016)
Balance, end of the year	\$ 12,914,838	\$ 12,765,708

Donated Property and Equipment

Donations of property and equipment are recorded at their estimated fair value and real property requires an appraisal. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

Refundable Advances

Refundable advances represent conditional contributions for which the condition has not been substantially met. In addition, refundable advances represent funds which have been received from grants or contracts that are considered to be exchange transactions. These funds are for specific programs which have not yet taken place.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain administrative costs have been allocated among the programs and supporting services benefited.

Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash and mature within 90 days or less of the acquisition date.

Donated Investments

Investments, consisting of gifts of securities and/or other property to the Foundation, are recorded at their fair value on the date of gift.

Investments

The Foundation's securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at their fair value on the statement of financial position, with the change in fair value during the period included in earnings. For the years ended June 30, 2014 and 2013, all of the Foundation's investments are considered trading securities. Certificates of deposit with maturities over 90 days are included in investments.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation computed on the straight-line method. It is the Foundation's policy to capitalize expenditures for these items in excess of \$2,500. Lesser amounts are expensed.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Income Tax Status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has no provision for federal income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The supporting organization meets the requirements of IRC Section 509(a)(3). However, the Foundation is subject to income taxes on any net income that is derived from a trade or business and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated business, in the opinion of management, is not material to the financial statements taken as a whole.

The Foundation evaluates uncertain tax positions in accordance with ASC 740-10-25-6, *Income Taxes*, whereby the effect of uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2014 and 2013, the Foundation had no uncertain tax positions requiring accrual or disclosure.

The federal income tax returns of the Foundation for fiscal years ended June 30, 2013, 2012, and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Investment Pools

The Foundation maintains three 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.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

Investment Pools - Continued

The three master accounts are as follows: The Long-term pool for endowment funds or funds with a long-term horizon is invested 70 percent in equities, 20 percent in fixed income, five percent in Absolute Return fund, and five percent real estate equities. The Fixed Income pool focuses on maintaining the principal of the fund and is invested in money market accounts. The Medium-term pool of investments is designed for funds with a shorter time frame of three to five years. The pool is composed of 60 percent fixed income investments and 40 percent equity investments.

Mission related investments are included in the Long-term pool as part of the fixed income portion of the pool and is detailed in Note 9.

Net Asset Classifications

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Not-for-Profit Entities*. Under ASC 958-210-50-3, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – All contributions other than endowments, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. The variance provision gives the Board of Directors the power to modify any restriction placed on gifts to the Foundation that is incapable of fulfillment or is no longer consistent with the charitable needs of the community. Accordingly, unless time restrictions have been imposed on contributions, net assets are generally classified as unrestricted net assets.

Temporarily Restricted Net Assets – These are subject to donor imposed restrictions that will be met by the passage of time. The Foundation's temporarily restricted net assets primarily consist of unconditional promises to give not collected.

Permanently Restricted Net Assets – The portion of net assets that are subject to donor-imposed restrictions that will be maintained in perpetuity. The investment income generated from these assets is temporarily restricted by law until appropriated by the Board in support of the Foundation's programs and operations. The Foundation's permanently restricted net assets consist of contributions from and related activity of perpetual trusts and those endowment funds held by the Foundation as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

HUMBOLDT AREA FOUNDATION
Notes To Financial Statements

June 30, 2014 and 2013

Net Asset Classifications - Continued

Endowment Funds

The Foundation follows ASC Topic 958-205, *Classifications of Donor-Restricted Endowment Funds Subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, which was effective for fiscal years ending after December 5, 2008.

Endowment Investment and Spending Policies

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, while seeking to maintain the purchasing power of the Foundation's endowment assets. Both the Foundation's spending and investment policies work together to achieve this objective.

The investment policy establishes an achievable return objective through diversification of asset classes.

The current long-term return objective is approximately seven 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.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount equal to four percent of the fair value of the assets as of the last sixteen quarters. The spending policy is reviewed annually by the Board of Directors.

3. CASH AND CASH EQUIVALENTS

Cash held by the Foundation at June 30, 2014 and 2013 consists of the following:

	2014	2013
Cash and Checking	\$ 397,318	\$ 671,802
Savings and Money Market	2,990,391	1,951,695
Money Market at Investment Companies	203,288	243,657
In Transit from Crescent City Title Company	260,418	
Total Cash and Cash Equivalents	<u>\$ 3,851,415</u>	<u>\$ 2,867,154</u>

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2014 and 2013 consist of the following:

	2014	2013
Amounts due in less than one year	\$ 10,525,141	\$ 4,428,774
Amounts due in one to five years	1,290,000	6,335,855
Amounts due in more than five years	230,243	130,650
Total	12,045,384	10,895,279
Less allowance for uncollectible promises receivable	(1,728,463)	(4,621,887)
Total	<u>\$ 10,316,921</u>	<u>\$ 6,273,392</u>

Unconditional promises to give are composed of amounts expected to be received from decedents' estates/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.

5. INVESTMENTS

Investments in marketable equity securities with readily determinable values are stated at fair market value, and realized and unrealized gains and losses are reflected in the statement of activities. The Foundation maintains cash in excess of daily requirements, annuity trust payments, and certain required term and permanent endowments in cash equivalents.

The Board of Directors has a fiduciary responsibility to manage investment assets to produce income to meet annual grant requirements and to invest funds to preserve future spending. Fees for investment management and consulting totaled \$227,494 and \$232,026 for the years ending June 30, 2014 and 2013, respectively. The total does not include the institutional fees in mutual funds. The fees represent less than one percent of the investment portfolios. Investment services include management reports with comprehensive objective analysis and an overall long-term investment strategy with on-going evaluations for the changing environment.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

6. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

6. FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2014 and 2013:

	<i>Assets at Fair Value as of June 30, 2014</i>			Total
	Level 1	Level 2	Level 3	
Certificates of Deposit		\$ 501,234		\$ 501,234
Mutual funds	\$ 82,651,900			82,651,900
Common stocks	6,182,547			6,182,547
Variable annuity		34,426		34,426
Privately-held equities			\$ 326,997	326,997
Mission related investments			600,310	600,310
Unconditional promises to give			10,316,921	10,316,921
Total assets at fair value	<u>\$ 88,834,447</u>	<u>\$ 535,660</u>	<u>\$ 11,244,228</u>	<u>\$ 100,614,335</u>

	<i>Assets at Fair Value as of June 30, 2013</i>			Total
	Level 1	Level 2	Level 3	
Certificates of Deposit		\$ 1,000,025		\$ 1,000,025
Mutual funds	\$ 71,948,756			71,948,756
Common stocks	5,477,687			5,477,687
Variable annuity		28,779		28,779
Privately-held equities			\$ 267,213	267,213
Unconditional promises to give			6,273,392	6,273,392
Total assets at fair value	<u>\$ 77,426,443</u>	<u>\$ 1,028,804</u>	<u>\$ 6,540,605</u>	<u>\$ 84,995,852</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2014 and 2013:

	<i>Level 3 Assets</i>	
	<i>Year Ended June 30, 2014 and 2013</i>	
Fair value, beginning of year	\$ 6,540,605	\$ 4,787,363
Net income	59,783	48,215
Mission related investment loans issued	600,310	
Sales of investments		(564,954)
New unconditional promises to give	4,959,593	8,153,784
Collection of unconditional promises to give	(3,086,840)	(1,976,723)
Reduction in unconditional promises to give	(722,647)	
Allowance for unconditional promises to give	2,893,424	(3,907,080)
Fair value, end of year	<u>\$ 11,244,228</u>	<u>\$ 6,540,605</u>

HUMBOLDT AREA FOUNDATION
Notes To Financial Statements

June 30, 2014 and 2013

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Land	\$ 220,000	\$ 300,000	\$ 188,000	\$ 708,000
Office furniture and equipment	262,914			262,914
Building and improvements	1,603,983	140,867	345,600	2,090,450
	2,086,897	440,867	533,600	3,061,364
Less accumulated depreciation	701,014	20,317	164,160	885,491
Total	<u>\$ 1,385,883</u>	<u>\$ 420,550</u>	<u>\$ 369,440</u>	<u>\$ 2,175,873</u>

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Land	\$ 220,000	\$ 300,000	\$ 188,000	\$ 708,000
Office furniture and equipment	225,898			225,898
Building and improvements	1,603,983	140,867	345,600	2,090,450
	2,049,881	440,867	533,600	3,024,348
Less accumulated depreciation	648,780	16,705	155,520	821,005
Total	<u>\$ 1,401,101</u>	<u>\$ 424,162</u>	<u>\$ 378,080</u>	<u>\$ 2,203,343</u>

Depreciation expense was \$76,945 and \$59,625 for the years ended June 30, 2014 and 2013, respectively.

The Foundation conducts its operations at 363 Indianola Road, Bayside, California. The real property is held in trust under the will of Vera P. Viotor and was transferred to the Foundation as successor trustee on January 17, 1995. The real property is shown in the operating fund as "Property and equipment, net" on page twenty-one in the supplementary information, but is restricted in use for the Foundation's operations.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

8. SPLIT INTEREST AGREEMENTS

The Foundation administers twenty 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 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 Statements of Activities as a temporarily restricted contribution in the period the trust is established.

At June 30, 2014 and 2013 assets held in the charitable remainder trusts changed in value as follows:

	2014	2013
Balance, beginning of year	\$ 3,533,229	\$ 2,924,082
Additions to the funds:		
Contributions	367,426	500,000
Interest and dividends	104,665	91,969
Unrealized and realized investment gain(loss)	603,544	308,950
Other income	473	
Total additions	<u>1,076,108</u>	<u>900,919</u>
Reductions to the funds:		
Grants(net)		(1,176)
Management fees	(47,376)	(34,548)
CRT payments	(298,432)	(253,344)
Expenses	(3,876)	(2,704)
Total reductions	<u>(349,684)</u>	<u>(291,772)</u>
Balance, end of the year	<u>\$ 4,259,653</u>	<u>\$ 3,533,229</u>

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$2,601,640 at June 30, 2014 and \$2,280,866 at June 30, 2013) is calculated using a discount rate and applicable mortality tables.

9. MISSION RELATED INVESTMENTS

The Foundation's Board of Directors approved a policy of investing up to 3 percent of the long-term investment portfolio into local investments, approximately \$2.5 million as of June 30, 2014.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

9. MISSION RELATED INVESTMENTS - CONTINUED

These are considered part of the fixed income allocation and may be invested directly in loans or other debt securities in the Humboldt, Del Norte, Curry and Trinity County regions.

Investments are approved on a case-by-case basis by the Foundation's Investment Committee and the Board of Directors. Investment guidelines include: participation with a bank or other lending institution to help evaluate the risk and to service the loan; no individual investment greater than one-third of total local investing allocation; investments made with a government or non-profit agency or, in a for-profit organization, if the investment has positive social potential for the area; expected interest rates should be comparable to or better than long-term expected return on the fixed income portfolio as a whole (currently 2.5 percent); maximum commitment should be less than 15 years. Current local investment commitments outstanding as of June 30, 2014 are as follows:

The Foundation has partnered with Arcata Economic Development Corporation (AEDC), Headwaters Fund, and Redwood Regional Economic Development Commission to each loan up to \$375,000 to Northern California Indian Development Council for the refurbishing of the Carson Block Building on 3rd Street, Eureka. The loan has a 90 percent loan guarantee from the Bureau of Indian Affairs. The loan has a 5.5 percent interest rate and started in July, 2013.

The Foundation partnered with AEDC and the Headwaters Fund to each loan up to \$500,000 to Open Door Clinic to purchase property and to fund planning costs for a new clinic in Arcata, California. The loan has collateral of existing properties of Open Door Clinic. The loan has a 4.85 percent interest rate and started in January, 2014.

The Foundation board approved a loan in partnership with AEDC and Headwaters Fund to the Arcata Fire Department to support the expansion of the McKinleyville fire station and refurbishing the Arcata fire station. The loan is for \$1,250,000 with the Foundation's portion at \$625,000. The loan has collateral of the fire stations and the rent by the Fire District would support the repayment of the loan. The loan has a 4.5 percent interest rate and may not be used until 2015.

10. LEAVEY RANCH RESEARCH PROGRAM

The Foundation has been notified it will receive a bequest of 240 acres near Blue Lake for a research facility. The property will be placed in a single-member limited liability company, Leavey Ranch, LLC. The ranch will be available for research opportunities for qualified organizations as well as cattle grazing operations. An endowment fund will also be established for the exclusive support of the ranch. The total value of the ranch and endowment fund is approximately \$4 million.

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

11. GRANT FUNDED PROJECTS

The Foundation received grant funds from several institutions including The California Endowment, Irvine Foundation, Robert Wood Johnson, and Morgan Family Foundation. These grant funds support various programs managed by Humboldt Area Foundation including some staff positions. The expenses are included in the community program line item on the Statement of Activities. Programs managed by the Foundation include Building Healthy Communities in the Del Norte and Adjacent Tribal Lands, Native Culture Program, Boys and Men of Color, Regional Connections Initiative, Partners in Nursing Future Simulation Center, and philanthropy and democracy study.

12. PENSION

The Foundation has a tax-deferred annuity plan as covered in Internal Revenue Code Section 403(b). 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 non-elective contributions, upon completing six months of service. The current employer annual contribution is ten percent of gross salary. Total employer contributions as of June 30, 2014 and 2013, were \$127,423 and \$112,338, respectively.

13. ADMINISTRATIVE FEES

The Foundation charged administrative fees for the management of funds of \$1,366,137 and \$1,217,100 for the years ending June 30, 2014 and 2013, respectively, which were charged as follows:

	2014	2013
Endowment Funds	\$ 948,245	\$ 832,701
Managed Funds	209,695	180,369
Supporting Organization	67,160	67,160
Agency Funds	93,661	102,322
Split-Interest Funds	47,376	34,548
Total administrative fees	<u>\$ 1,366,137</u>	<u>\$ 1,217,100</u>

HUMBOLDT AREA FOUNDATION

Notes To Financial Statements

June 30, 2014 and 2013

14. BOARD RESTRICTED FUNDS

The Foundation established an operating reserve at June 30, 2014 and 2013 of \$745,909 and \$671,348, respectively, from discretionary funds in a Board-restricted fund 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.

15. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions located in northern California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 and \$250,000 in 2014 and 2013, respectively. At June 30, 2014 and 2013, the Foundation's uninsured cash balances total \$2,879,692 and \$2,623,974, respectively. These amounts include investments in Certificates of Deposit in addition to cash and cash equivalents.

16. SUPPORTING ORGANIZATION

As of July 1, 1997, Union Labor Health Foundation ("ULHF") became a supporting organization of the Foundation under the provisions of Section 509(a)(3) of the Internal Revenue Code. The Humboldt Area Foundation is responsible for the expenditures of the ULHF for specific charitable purposes. This responsibility is ensured by the presence of two board members appointed to the board of ULHF by HAF. ULHF'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 ULHF, the assets of ULHF would transfer to the Foundation.

17. PRIOR PERIOD RESTATEMENT

Permanently restricted June 30, 2013 net assets in the financial statements have been restated for an increase of \$490,307 due to one fund that was subsequently identified by the Foundation's management as being permanently restricted. A corresponding reduction of \$490,307 has been restated in unrestricted net assets. There was no prior period restatement of total net assets as of June 30, 2013.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 6, 2014, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

HUMBOLDT AREA FOUNDATION
SCHEDULE 1 - COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2014

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
ASSETS					
Cash and cash equivalents	\$ 645,025	\$ 256,113	\$ 2,938,111	\$ 12,166	\$ 3,851,415
Unconditional promises to give		9,284,921	1,032,000		10,316,921
Investments	1,794,499	59,660,684	23,383,566	5,458,665	90,297,414
Notes receivable from others		4,398			4,398
Property and equipment, net	1,535,323	515,550	125,000		2,175,873
Other assets	56,687	794			57,481
TOTAL ASSETS	<u>\$ 4,031,534</u>	<u>\$ 69,722,460</u>	<u>\$ 27,478,677</u>	<u>\$ 5,470,831</u>	<u>\$ 106,703,502</u>
LIABILITIES					
Accounts payable	\$ 89,737	\$ 11,675		\$ 52	\$ 101,464
Accrued expenses	99,691	600			100,291
Grants payable	159,508	1,688,539	\$ 139,214	33,649	2,020,910
Refundable advances	51,949				51,949
Note payable	18,719				18,719
Agency fund liability			12,914,838		12,914,838
Obligations under split interest agreements		2,601,640			2,601,640
TOTAL LIABILITIES	<u>419,604</u>	<u>4,302,454</u>	<u>13,054,052</u>	<u>33,701</u>	<u>17,809,811</u>
NET ASSETS					
Unrestricted	2,490,080	47,993,864	13,392,625	5,437,130	69,313,699
Temporarily restricted	638,832	10,895,434	1,032,000		12,566,266
Permanently restricted	483,018	6,530,708			7,013,726
TOTAL NET ASSETS	<u>3,611,930</u>	<u>65,420,006</u>	<u>14,424,625</u>	<u>5,437,130</u>	<u>88,893,691</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,031,534</u>	<u>\$ 69,722,460</u>	<u>\$ 27,478,677</u>	<u>\$ 5,470,831</u>	<u>\$ 106,703,502</u>

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 2 - COMBINING STATEMENT OF ACTIVITIES - UNRESTRICTED

For The Year Ended June 30, 2014

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 352,374	\$ 392,629	\$ 559,398	\$ 3,955	\$ 1,308,356
Grant income	181,951				181,951
Investment income	39,867	1,159,726	276,380	131,759	1,607,732
Workshop and other income	44,118	4,570	1,176	618	50,482
Administrative fee income	141,037				141,037
Rental income		15,300			15,300
Net assets released from restrictions - Restrictions satisfied by time	700,177	1,086,840	2,000,000		3,787,017
TOTAL REVENUES AND OTHER SUPPORT	1,459,524	2,659,065	2,836,954	136,332	7,091,875
EXPENSES					
Program services:					
Grant making	382,283	1,229,722	683,820	183,561	2,479,386
Education, outreach and training	121,529				121,529
Community programs	1,973,298				1,973,298
Support services:					
Administrative	972,173	1,375		6,505	980,053
Investment	3,689	152,448	27,223	11,885	195,245
Development	301,393				301,393
TOTAL EXPENSES	3,754,365	1,383,545	711,043	201,951	6,050,904
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments	167,328	6,872,050	1,609,226	770,313	9,418,917
Gain (loss) on disposal of assets	(15,548)				(15,548)
Actuarial gain (loss) on annuity obligation					
TOTAL GAINS AND LOSSES	151,780	6,872,050	1,609,226	770,313	9,403,369
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	(2,143,061)	8,147,570	3,735,137	704,694	10,444,340
INTERFUND TRANSFERS					
Administrative fees	1,111,522	(834,667)	(209,695)	(67,160)	-
Contributions/grants	336,704	(282,806)	(40,558)	(13,340)	-
CHANGE IN NET ASSETS	(694,835)	7,030,097	3,484,884	624,194	10,444,340
NET ASSETS BEGINNING OF YEAR (as previously stated)	3,184,915	41,454,074	9,907,741	4,812,936	59,359,666
Reclassification of funds as permanently restricted	-	(490,307)	-	-	(490,307)
NET ASSETS BEGINNING OF YEAR (as restated)	3,184,915	40,963,767	9,907,741	4,812,936	58,869,359
NET ASSETS END OF YEAR	\$ 2,490,080	\$ 47,993,864	\$ 13,392,625	\$ 5,437,130	\$ 69,313,699

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 3 - COMBINING STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED

For The Year Ended June 30, 2014

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions		\$ 4,050,869	\$ 3,032,000		\$ 7,082,869
Grant income	\$ 554,655				554,655
Investment income					
Workshop and other income					
Administrative fee income					
Rental income					
Net assets released from restrictions -					
Restrictions satisfied by time	(691,537)	(1,086,840)	(2,000,000)		(3,778,377)
TOTAL REVENUES AND OTHER SUPPORT	(136,882)	2,964,029	1,032,000	-	3,859,147
EXPENSES					
Program services:					
Grant making					
Education, outreach and training					
Community programs					
Support services:					
Administrative					
Investment					
Development					
TOTAL EXPENSES	-	-	-	-	-
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments					
Gain (loss) on disposal of assets					
Actuarial gain (loss) on annuity obligation		405,650			405,650
TOTAL GAINS AND LOSSES	-	405,650	-	-	405,650
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	(136,882)	3,369,679	1,032,000		4,264,797
INTERFUND TRANSFERS					
Administrative fees					
Contributions/grants					
CHANGE IN NET ASSETS	(136,882)	3,369,679	1,032,000		4,264,797
NET ASSETS BEGINNING OF YEAR (as previously stated)	775,714	7,525,755	-		8,301,469
Reclassification of funds as permanently restricted					
NET ASSETS BEGINNING OF YEAR (as restated)	775,714	7,525,755			8,301,469
NET ASSETS END OF YEAR	\$ 638,832	\$ 10,895,434	\$ 1,032,000	\$ -	\$ 12,566,266

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 4 - COMBINING STATEMENT OF ACTIVITIES - PERMANENTLY RESTRICTED

For The Year Ended June 30, 2014

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions					
Grant income					
Investment income		\$ 203,950			\$ 203,950
Workshop and other income		689			689
Administrative fee income					-
Rental income					-
Net assets released from restrictions -					-
Restrictions satisfied by time	\$ (8,640)				\$ (8,640)
TOTAL REVENUES					
AND OTHER SUPPORT	(8,640)	204,639	-	-	195,999
EXPENSES					
Program services:					
Grant making		172,825			172,825
Education, outreach and training					-
Community programs					-
Support services:					
Administrative					-
Investment		6,432			6,432
Development					
TOTAL EXPENSES	-	179,257	-	-	179,257
GAINS AND LOSSES					
Realized and unrealized gains (losses)		862,352			862,352
on investments					
Gain (loss) on disposal of assets					
Actuarial gain (loss) on					
annuity obligation					
TOTAL GAINS AND LOSSES	-	862,352	-	-	862,352
CHANGE IN NET ASSETS BEFORE					
TRANSFERS AND RECLASSIFICATIONS	(8,640)	887,734			879,094
INTERFUND TRANSFERS					
Administrative fees	113,578	(113,578)			-
Contributions/grants					
CHANGE IN NET ASSETS	104,938	774,156			879,094
NET ASSETS BEGINNING					
OF YEAR (as previously stated)	378,080	5,266,245			5,644,325
Reclassification of funds as					
permanently restricted		490,307			490,307
NET ASSETS BEGINNING					
OF YEAR (as restated)	378,080	5,756,552			6,134,632
NET ASSETS END OF YEAR	\$ 483,018	\$ 6,530,708	\$ -	\$ -	\$ 7,013,726

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 5 - STATEMENT OF ACTIVITIES - OPERATING AND SPECIAL PROJECTS FUNDS

For The Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions	\$ 352,374			\$ 352,374
Grant income	181,951	\$ 554,655		736,606
Investment income	39,867			39,867
Workshop and other income	44,118			44,118
Administrative fee income	141,037			141,037
Rental income				
Net assets released from restrictions -				
Restrictions satisfied by time	<u>700,177</u>	<u>(691,537)</u>	<u>\$ (8,640)</u>	
TOTAL REVENUES AND OTHER SUPPORT	<u>1,459,524</u>	<u>(136,882)</u>	<u>(8,640)</u>	<u>1,314,002</u>
EXPENSES				
Program services:				
Grant making	382,283			382,283
Education, outreach and training	121,529			121,529
Community programs	1,973,298			1,973,298
Support services:				
Administrative	972,173			972,173
Investment	3,689			3,689
Development	301,393			301,393
TOTAL EXPENSES	<u>3,754,365</u>	<u>-</u>	<u>-</u>	<u>3,754,365</u>
GAINS AND LOSSES				
Realized and unrealized gains (losses)				
on investments	167,328			167,328
Gain (loss) on disposal of assets	(15,548)			(15,548)
Actuarial gain (loss) on				
annuity obligation				
TOTAL GAINS AND LOSSES	<u>151,780</u>	<u>-</u>	<u>-</u>	<u>151,780</u>
CHANGE IN NET ASSETS BEFORE				
INTERFUND TRANSFERS	(2,143,061)	(136,882)	(8,640)	(2,288,583)
INTERFUND TRANSFERS				
Administrative fees	1,111,522		113,578	1,225,100
Contributions/grants	<u>336,704</u>			<u>336,704</u>
CHANGE IN NET ASSETS	(694,835)	(136,882)	104,938	(726,779)
NET ASSETS BEGINNING OF YEAR	<u>3,184,915</u>	<u>775,714</u>	<u>378,080</u>	<u>4,338,709</u>
NET ASSETS END OF YEAR	<u>\$ 2,490,080</u>	<u>\$ 638,832</u>	<u>\$ 483,018</u>	<u>\$ 3,611,930</u>

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 6 - STATEMENT OF ACTIVITIES - ENDOWMENT FUNDS

For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 392,629	\$ 4,050,869		\$ 4,443,498
Grant income				
Investment income	1,159,726		\$ 203,950	1,363,676
Workshop and other income	4,570		689	5,259
Administrative fee income				
Rental income	15,300			15,300
Net assets released from restrictions - Restrictions satisfied by time	1,086,840	(1,086,840)		
TOTAL REVENUES AND OTHER SUPPORT	2,659,065	2,964,029	204,639	5,827,733
EXPENSES				
Program services:				
Grant making	1,229,722		172,825	1,402,547
Education, outreach and training Community programs				
Support services:				
Administrative	1,375			1,375
Investment	152,448		6,432	158,880
Development				
TOTAL EXPENSES	1,383,545	-	179,257	1,562,802
GAINS AND LOSSES				
Realized and unrealized gains (losses) on investments	6,872,050		862,352	7,734,402
Gain (loss) on disposal of assets				
Actuarial gain (loss) on annuity obligation		405,650		405,650
TOTAL GAINS AND LOSSES	6,872,050	405,650	862,352	8,140,052
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	8,147,570	3,369,679	887,734	12,404,983
INTERFUND TRANSFERS				
Administrative fees	(834,667)		(113,578)	(948,245)
Contributions/grants	(282,806)			(282,806)
CHANGE IN NET ASSETS	7,030,097	3,369,679	774,156	11,173,932
NET ASSETS BEGINNING OF YEAR (as previously stated)	41,454,074	7,525,755	5,266,245	54,246,074
Reclassification of funds as permanently restricted	(490,307)		490,307	
NET ASSETS BEGINNING OF YEAR (as restated)	40,963,767	7,525,755	5,756,552	54,246,074
NET ASSETS END OF YEAR	\$ 47,993,864	\$ 10,895,434	\$ 6,530,708	\$ 65,420,006

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HUMBOLDT AREA FOUNDATION
SCHEDULE 7 - STATEMENT OF ACTIVITIES - MANAGED FUNDS

For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 559,398	\$ 3,032,000		\$ 3,591,398
Grant income				
Investment income	276,380			276,380
Workshop and other income	1,176			1,176
Administrative fee income				
Rental income				
Net assets released from restrictions -				
Restrictions satisfied by time	2,000,000	(2,000,000)		
TOTAL REVENUES AND OTHER SUPPORT	2,836,954	1,032,000	-	3,868,954
EXPENSES				
Program services:				
Grant making	683,820			683,820
Education, outreach and training				
Community programs				
Support services:				
Administrative				
Investment	27,223			27,223
Development				
TOTAL EXPENSES	711,043	-	-	711,043
GAINS AND LOSSES				
Realized and unrealized gains (losses)				
on investments	1,609,226			1,609,226
Gain on disposal of assets				
Actuarial gain (loss) on				
annuity obligation				
TOTAL GAINS AND LOSSES	1,609,226	-	-	1,609,226
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	3,735,137	1,032,000		4,767,137
INTERFUND TRANSFERS				
Administrative fees	(209,695)			(209,695)
Contributions/grants	(40,558)			(40,558)
CHANGE IN NET ASSETS	3,484,884	1,032,000	-	4,516,884
NET ASSETS BEGINNING OF YEAR	9,907,741	-	-	9,907,741
NET ASSETS END OF YEAR	\$ 13,392,625	\$ 1,032,000	\$ -	\$ 14,424,625

See accountants' report

HUMBOLDT AREA FOUNDATION
SCHEDULE 8 - STATEMENT OF ACTIVITIES - SUPPORTING ORGANIZATION

For The Year Ended June 30, 2014

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
Contributions	\$ 3,955
Grant income	
Investment income	131,759
Workshop and other income	618
Administrative fee income	
Rental income	
Net assets released from restrictions - Restrictions satisfied by time	
TOTAL REVENUES AND OTHER SUPPORT	<u>136,332</u>
EXPENSES	
Program services:	
Grant making	183,561
Education, outreach and training	
Community programs	
Support services:	
Administrative	6,505
Investment	11,885
Development	
TOTAL EXPENSES	<u>201,951</u>
GAINS AND LOSSES	
Realized and unrealized gains (losses) on investments	770,313
Gain on disposal of assets	
Actuarial gain (loss) on annuity obligation	
TOTAL GAINS AND LOSSES	<u>770,313</u>
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	704,694
INTERFUND TRANSFERS	
Administrative fees	(67,160)
Contributions/grants	<u>(13,340)</u>
CHANGE IN NET ASSETS	624,194
NET ASSETS BEGINNING OF YEAR	<u>4,812,936</u>
NET ASSETS END OF YEAR	<u>\$ 5,437,130</u>

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