

HUMBOLDT AREA FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017 and 2016

With

INDEPENDENT AUDITOR'S REPORT

HUMBOLDT AREA FOUNDATION

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HUMBOLDT AREA FOUNDATION
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humboldt Area Foundation

We have audited the accompanying consolidated financial statements of Humboldt Area Foundation, a non-profit organization, and its supporting organization, which comprise the consolidated statements of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year 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, 2017, 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.

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 23 - 30 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2016 consolidated financial statements of Humboldt Area Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

David L. Moonie & Co.

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

October 9, 2017

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 2,311,640	\$ 2,451,432
Unconditional promises to give, net	604,613	836,342
Investments	108,307,008	96,566,240
Notes receivable from others		200
Property and equipment, net	4,358,587	4,451,991
Other assets	75,391	76,298
TOTAL ASSETS	\$ 115,657,239	\$ 104,382,503
 LIABILITIES		
Accounts payable	\$ 117,449	\$ 68,566
Accrued expenses	154,156	152,011
Grants payable	1,173,589	1,782,096
Refundable advances	2,569	2,569
Note payable		5,258
Agency fund liability	16,974,135	14,829,303
Obligations under split-interest agreements	1,792,398	2,151,076
TOTAL LIABILITIES	20,214,296	18,990,879
 NET ASSETS		
Unrestricted	85,002,611	75,558,712
Temporarily restricted	4,401,687	3,606,044
Permanently restricted	6,038,645	6,226,868
TOTAL NET ASSETS	95,442,943	85,391,624
TOTAL LIABILITIES AND NET ASSETS	\$ 115,657,239	\$ 104,382,503

See accompanying notes to consolidated financial statements.

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES

For The Years Ended June 30, 2017 and 2016

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 2,400,541	\$ 857,187		\$ 3,257,728	\$ 2,999,693
Grant income	(39,230)	1,445,441		1,406,211	1,916,648
Investment income	2,004,945	168,850	\$ 11,980	2,185,775	2,558,860
Workshop and other income	186,807			186,807	125,630
Administrative fee income	181,043			181,043	156,854
Rental income	42,915			42,915	35,587
Net assets released from restrictions - Restrictions satisfied by time	2,700,122	(2,499,919)	(200,203)		
TOTAL REVENUES AND OTHER SUPPORT	<u>7,477,143</u>	<u>(28,441)</u>	<u>(188,223)</u>	<u>7,260,479</u>	<u>7,793,272</u>
EXPENSES					
Program services:					
Grant making	3,780,834			3,780,834	4,376,231
Education, outreach and training	383,779			383,779	250,880
Community programs	1,949,914			1,949,914	2,166,271
Support services:					
Administrative	764,696			764,696	889,113
Investment	203,974			203,974	198,990
Development	317,194			317,194	343,351
TOTAL EXPENSES	<u>7,400,391</u>	<u>-</u>	<u>-</u>	<u>7,400,391</u>	<u>8,224,836</u>
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments	9,366,947	751,450		10,118,397	(4,389,996)
Gain (loss) on disposal of assets	200			200	
Actuarial gain (loss) on annuity obligation		72,634		72,634	(100,079)
TOTAL GAINS AND LOSSES	<u>9,367,147</u>	<u>824,084</u>	<u>-</u>	<u>10,191,231</u>	<u>(4,490,075)</u>
CHANGE IN NET ASSETS	9,443,899	795,643	(188,223)	10,051,319	(4,921,639)
NET ASSETS BEGINNING OF YEAR	<u>75,558,712</u>	<u>3,606,044</u>	<u>6,226,868</u>	<u>85,391,624</u>	<u>90,313,263</u>
NET ASSETS END OF YEAR	<u>\$ 85,002,611</u>	<u>\$ 4,401,687</u>	<u>\$ 6,038,645</u>	<u>\$ 95,442,943</u>	<u>\$ 85,391,624</u>

See accompanying notes to consolidated financial statements.

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 10,051,319	\$ (4,921,639)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	111,088	108,287
Realized and unrealized loss on investments	(10,118,397)	4,389,996
Realized and unrealized loss on Agency Fund investments	(1,875,799)	610,089
Realized and unrealized loss on Split-interest agreement investments	(467,763)	226,138
Donated securities	(101,181)	(72,228)
Donated real property, Leavey Ranch, LLC		(34,337)
(Gain) loss on disposition of fixed assets		
Change in actuarial annuity liability	(358,678)	(345,174)
(Increase) decrease in operating assets:		
Unconditional promises to give	231,729	907,579
Other assets	907	647
Increase (decrease) in operating liabilities:		
Accounts payable	48,883	(59,280)
Accrued expenses	2,145	24,172
Grants payable	(608,507)	(421,768)
Refundable advances		(18,288)
Agency fund liability	2,144,832	2,360,388
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(939,422)	2,754,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from repayments of notes receivable	200	5,400
Proceeds from investments	28,914,541	18,197,345
Redemption of certificates of deposit		720,767
Purchases of investments	(28,092,169)	(20,985,734)
Purchases of property and equipment	(17,684)	(22,097)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	804,888	(2,084,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(5,258)	(6,803)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(5,258)	(6,803)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(139,792)	663,460
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,451,432	1,787,972
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,311,640	\$ 2,451,432
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	\$ 45	\$ 224

See accompanying notes to consolidated financial statements.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

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 were 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 promote and encourage generosity, leadership and inclusion to strengthen our communities.

The accompanying consolidated financial statements include the accounts of the Humboldt Area Foundation and the 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 by operating under the name Wild Rivers Community Foundation and in Trinity County by operating under the name Trinity Trust. The operations are supported by advisory boards of local residents that make recommendations for programs and grants in their region. The accompanying consolidated financial statements include all activities in those regions.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

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 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.

Programs that operate as fiscal sponsored projects under the Foundation include Redwood Coast Rural Action, NorCAN, True North Organizing Network, Native Cultures Fund and Toys for Kids. Some programs are funded by outside grants, particularly from The California Endowment.

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 Consolidated Financial Statements

June 30, 2017 and 2016

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 it acts as an agent and holds 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 14,829,304	\$ 12,468,915
Additions to the funds	1,157,624	3,503,680
Interest and dividends	406,493	442,839
Unrealized and realized investment gain(loss)	1,875,799	(610,089)
Total Increases to Agency Funds	<u>3,439,916</u>	<u>3,336,430</u>
Management fees	(140,110)	(113,260)
Expenses	(33,217)	(12,688)
Withdrawal of funds by agency	(1,121,757)	(850,094)
Total Decreases to Agency Funds	<u>(1,295,084)</u>	<u>(976,042)</u>
Balance, end of the year	<u>\$ 16,974,136</u>	<u>\$ 14,829,303</u>

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 Consolidated Financial Statements

June 30, 2017 and 2016

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, 2017 and 2016, 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 Consolidated Financial Statements

June 30, 2017 and 2016

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, 2017 and 2016, 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, 2016, 2015, and 2014 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.

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, 15 percent in fixed income, 10 percent in the absolute return fund, and 5 percent real estate equities. The Fixed Income pool focuses on maintaining the principal of the fund and is invested in money market accounts over a short duration. 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.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

Mission related investments are included in the Long-term pool as part of the fixed income portion of the pool and are 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 – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets consist primarily of operating reserves, capital assets, and general operating support. Unrestricted net assets also include cumulative unrealized losses on donor-restricted endowment funds to the extent that such losses reduce the endowment fund balance below the historical gift amount. Accordingly, unless time restrictions have been imposed on contributions, net assets are generally classified as unrestricted net assets.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations which can be fulfilled either by actions of those stipulations and/or expire with the passage of time and subject to the variance power of the Board of Directors. Temporarily restricted net assets consist primarily of unconditional promises to give not collected, investments in charitable trusts, and accumulated earnings on endowed funds. When a donor restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. At June 30, 2017 and 2016, temporarily restricted net assets consisted of the following:

	2017	2016
Charitable remainder trust assets	\$ 1,726,157	\$ 1,653,523
Cumulative earnings on permanently restricted net assets in excess of corpus	1,120,085	-
Grants and special projects	950,832	1,116,179
Unconditional promises to give	604,613	636,342
Non-endowed promises to give	-	200,000
Temporarily restricted net assets, balance end of the year	\$ 4,401,687	\$ 3,606,044

Permanently Restricted Net Assets – The portion of net assets that are subject to donor-imposed stipulations whereby the historic gift amount is to be preserved in perpetuity. While the historic gift is to remain permanently maintained, the Foundation may expend the accumulated earnings, which are temporarily restricted, in accordance with donor specifications.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

Net Asset Classifications - Continued

Those funds with specific donor-restrictions have been identified and the portion of donor funds that consists of the historic gift, or corpus of the fund, will be held in perpetuity. Charitable distributions will be spent from a fund's net earnings according to the Foundation's spending policy.

The Foundation classifies its unrealized losses on donor-restricted endowment funds as unrestricted net assets to the extent that such losses reduce the fund balance below the historical gift amount. Any gains in subsequent years will first offset the losses in unrestricted net assets before recording unrealized gains and losses as temporarily restricted net assets. As of June 30, 2016 and 2017, the cumulative deficit balance of donor-restricted net endowment funds recognized as a reduction of unrestricted net assets was \$15,338 and \$- respectively.

At June 30, 2017 and 2016, permanently restricted net assets consisted of the following:

Permanently restricted net assets,	2017	2016
Endowed assets formerly held in trust	\$ 5,695,125	\$ 5,863,800
Original real property from Vera Vietor, net	343,520	363,068
Permanently restricted net assets, balance end of the year	<u>\$ 6,038,645</u>	<u>\$ 6,226,868</u>

Endowment Investment and Spending Policies

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

UPMIFA emphasizes that investment decisions must be made in relation to the overall resources of the institution and its charitable purposes, and not be made in isolation, but rather in the context of the institutional fund's portfolio of investment as a whole and as part of an overall investment strategy having risks and return objectives reasonably suited to the fund and to the institution. UPMIFA allows organizations to spend endowment funds below their original dollar amount, subject to the standard of prudence and the investment policy of the organization.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the fund, 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.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

Endowment Investment and Spending Policies - Continued

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

The current long-term return objective is approximately 6.7 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.

3. CASH AND CASH EQUIVALENTS

Cash held by the Foundation at June 30, 2017 and 2016 consists of the following:

	2017	2016
Cash and Checking	\$ 2,128,851	\$ 1,914,405
Savings and Money Market	34,297	294,354
Money Market at Investment Companies	148,492	242,673
Total Cash and Cash Equivalents	\$ 2,311,640	\$ 2,451,432

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2017 and 2016 consist of the following:

	2017	2016
Amounts due in less than one year	\$ 896,741	\$ 1,060,656
Amounts due in one to five years	-	-
Amounts due in more than five years	220,967	220,057
Total	1,117,708	1,280,713
Less allowance for uncollectible promises receivable	(513,095)	(444,371)
Total	\$ 604,613	\$ 836,342

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.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

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 \$244,840 and \$236,571 for the years ending June 30, 2017 and 2016, 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.

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.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

6. FAIR VALUE MEASUREMENTS - CONTINUED

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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017 and 2016:

	<i>Assets at Fair Value as of June 30, 2017</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit		\$ 285,601		\$ 285,601
Fixed Income Funds	\$ 14,808,622			14,808,622
Global Equity Funds	72,739,986			72,739,986
Real Estate Securities Funds	5,125,508			5,125,508
Absolute Return Fund	9,896,469			9,896,469
Government Securities	184,966			184,966
Common stocks	3,409,352			3,409,352
Variable annuity		44,258		44,258
Privately-held equities			\$ 111,349	111,349
Regional mission related investments			1,700,897	1,700,897
Unconditional promises to give			604,613	604,613
Total assets at fair value	<u>\$ 106,164,903</u>	<u>\$ 329,859</u>	<u>\$ 2,416,859</u>	<u>\$ 108,911,621</u>
	<i>Assets at Fair Value as of June 30, 2016</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit		\$ 284,592		\$ 284,592
Fixed Income Funds	\$ 14,965,999			14,965,999
Global Equity Funds	54,667,920			54,667,920
Real Estate Securities Funds	5,539,944			5,539,944
Absolute Return Fund	8,738,212			8,738,212
US Equities Funds	8,240,177			8,240,177
Government Securities	228,396			228,396
Common stocks	2,938,098			2,938,098
Variable annuity		39,511		39,511
Privately-held equities			\$ 145,768	145,768
Regional mission related investments			777,623	777,623
Unconditional promises to give			836,342	836,342
Total assets at fair value	<u>\$ 95,318,746</u>	<u>\$ 324,103</u>	<u>\$ 1,759,733</u>	<u>\$ 97,402,582</u>

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

6. FAIR VALUE MEASUREMENTS - CONTINUED

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, 2017 and 2016:

	<i>Level 3 Assets</i>	
	<i>Year Ended June 30, 2017 and 2016</i>	
	<u>2017</u>	<u>2016</u>
Fair value, beginning of year	\$ 1,759,733	\$ 3,039,184
Unrealized gain on privately-held equities	(17,233)	(102,086)
Distributed privately-held equities	(17,186)	(268,975)
Mission related investment loans issued	978,571	103,970
Mission related investment loans repaid	(55,297)	(104,781)
New unconditional promises to give	780,990	468,348
Collection of unconditional promises to give	(770,990)	(1,857,684)
Reduction in unconditional promises to give	(123,004)	(135,549)
Allowance for unconditional promises to give	(118,725)	617,306
Fair value, end of year	<u>\$ 2,416,859</u>	<u>\$ 1,759,733</u>

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2017</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Land	\$ 1,763,456	\$ 300,000	\$ 188,000	\$ 2,251,456
Office furniture and equipment	214,012			214,012
Building and improvements	2,508,844	140,867	345,600	2,995,311
	4,486,312	440,867	533,600	5,460,779
Less accumulated depreciation	880,959	31,153	190,080	1,102,192
Total	<u>\$ 3,605,353</u>	<u>\$ 409,714</u>	<u>\$ 343,520</u>	<u>\$ 4,358,587</u>

	<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Land	\$ 1,763,456	\$ 300,000	\$ 188,000	\$ 2,251,456
Office furniture and equipment	214,012			214,012
Building and improvements	2,494,582	140,867	345,600	2,981,049
	4,472,050	440,867	533,600	5,446,517
Less accumulated depreciation	785,545	27,541	181,440	994,526
Total	<u>\$ 3,686,505</u>	<u>\$ 413,326</u>	<u>\$ 352,160</u>	<u>\$ 4,451,991</u>

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

7. PROPERTY AND EQUIPMENT - CONTINUED

Depreciation expense was \$111,088 and \$108,287 for the years ended June 30, 2017 and 2016, respectively.

The Foundation conducts its operations at 363 Indianola Road, Bayside, California. The real property was previously held in trust under the will of Vera P. Victor, and was transferred to the Foundation as successor trustee on January 17, 1995. The Victor Trust was terminated on December 31, 2010. The property was transferred to the Foundation on April 17, 2015. The Foundation continues to follow all the terms of the Trust and considers the assets to be permanently restricted. The real property is shown in the operating fund as "Property and equipment, net" on page twenty-three in the supplementary information, but is restricted in use for the Foundation's operations.

8. SPLIT-INTEREST AGREEMENTS

The Foundation administers eighteen 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, 2017 and 2016 assets held in the charitable remainder trusts changed in value as follows:

	2017	2016
Balance, beginning of the year	\$ 3,804,599	\$ 4,249,853
Additions to the funds:		
Interest and dividends	98,670	128,668
Unrealized and realized investment gain(loss)	467,763	(226,138)
Total additions	566,433	(97,470)
Reductions to the funds:		
Final distributions	(543,742)	-
Management fees	(40,933)	(43,594)
CRT payments	(256,273)	(296,730)
Expenses	(11,528)	(7,460)
Total reductions	(852,476)	(347,784)
Balance, end of the year	\$ 3,518,556	\$ 3,804,599

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 (\$1,792,398 at June 30, 2017 and \$2,151,076 at June 30, 2016) is calculated using a discount rate and applicable mortality tables.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

9. REGIONAL MISSION RELATED INVESTMENTS

The Foundation's Board of Directors approved a policy of investing up to five percent of the long-term investment portfolio into local investments (approximately \$5.1 million), as of June 30, 2017. 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.

Mission Related investments, along with their financial returns, are to support community benefit projects and align and support the philanthropic objectives of the Foundation. 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 community development financial institutions or other lending institutions to help evaluate the risk and to service the loan with an exception to this requirement in the case of small loans under \$50,000, the total amount not to exceed \$250,000; no individual investment greater than one-fifth of total local investing allocation; expected interest rates should be comparable to or better than long-term expected return on the fixed income portfolio as a whole (currently 2.3 percent); maximum commitment should be less than fifteen years.

Current local investment commitments outstanding as of June 30, 2017 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 loan amount has been reduced to \$367,622 as of June 30, 2017.

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 loan amount has been reduced to \$208,878 as of June 30, 2017.

The Foundation partnered with AEDC and the Headwaters Fund to provide a \$200,000 loan to the Sequoia Park Zoo Foundation to complete the improvements to the zoo, including the eagle aviary and education center. The loan is secured with a first deed of trust on the zoo property owned by the City of Eureka. The loan has a five percent interest rate and payments are for principal and interest beginning in October 15, 2014 with a maturity date of September 15, 2017. The outstanding balance at June 30, 2017 was \$171,455.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

9. REGIONAL MISSION RELATED INVESTMENTS - CONTINUED

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 is collateralized by the fire house buildings and land. The rent income from the Fire District will support the repayment of the loan. The loan has a 4.5 percent interest rate and the first draw was made in June 2016. The outstanding balance at June 30, 2017 was \$715,931.

The Foundation partnered with AEDC and Redwood Regional Economic Development Commission to provide a \$500,000 line of credit to the Westside Improvement District for a bridge loan for improvement to the Jefferson School site. The improvement to the property is funded through a Community Development Block Grant (CDBG). The loan is secured with a first trust deed on the Jefferson property at a six percent interest rate. The loan will be repaid when the final payment is received from the CDBG grant. The outstanding balance at June 30, 2017 was \$110,499.

The Foundation provided a small \$30,000 direct loan to CASA Del Norte that replaced a bank loan with a balloon payment. The interest rate is 6.5 percent and is paid off with monthly payments. The balance as of June 30, 2017 was \$26,511.

The Foundation provided a loan to Redwood Acres Friends of the Fairground to enable improvements of the kitchen facilities at the fairgrounds. Redwood Regional Economic Development Commission provided the evaluation and is servicing of the loan. The loan is for six percent and will be repaid through increased rents from kitchen facilities rented to local small businesses. The balance as of June 30, 2017 was \$100,000.

10. LEAVEY RANCH, LLC

The Foundation received a 240 acre historic working ranch in November 2014 that supports education-based research in rangeland management, wildlife, forestry, and fisheries. The property was contributed at the appraised value of \$2,000,000 to the Leavey Ranch, LLC ("the LLC"), of which the Foundation is the sole member. The LLC has been consolidated into the Endowment Fund of the Foundation, as the Foundation is the sole member and has one hundred percent ownership of the LLC.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

11. GRANT FUNDED PROJECTS

The Foundation received grant funds from several institutions including The California Endowment, Irvine Foundation, Hewlett Foundation, 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 the Building Healthy Communities initiative in Del Norte County and adjacent Tribal Lands, Native Culture Program, True North Organizing Network, and The Equity Alliance of the Northcoast.

12. CONCENTRATION OF GRANT REVENUE

The most significant grant funding of the Foundation is from the California Endowment, largely in connection with their Building Healthy Communities initiative, which focuses on Del Norte County and adjacent Tribal Lands. For the fiscal year ending June 30, 2017, such funding totaled \$910,725. Approximately \$166,000 was allocated to reimburse the Foundation for overhead. The funding allows the Foundation to promote programs and initiatives in the community, but does not impact the usual operations and grantmaking of the Foundation. The funding includes staffing for the initiative, including funding for the True North Organizing Network, a community organizing effort.

True North Organizing Network has received its 501(c)(3) tax status from the IRS and anticipates becoming an independent entity over the near term.

13. 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. Effective January 1, 2016, the Foundation changed the employer contribution from ten percent to eight percent of gross wages. Total employer contributions as of June 30, 2017 and 2016, were \$135,359 and \$139,609, respectively.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

14. ADMINISTRATIVE FEES

The Foundation charged administrative fees for the management of funds of \$1,615,854 and \$1,553,530 for the years ending June 30, 2017 and 2016, respectively, which were charged as follows:

	<u>2017</u>	<u>2016</u>
Endowment Funds	\$ 1,097,180	\$ 1,066,028
Managed Funds	255,931	253,398
Supporting Organization	81,700	77,250
Agency Funds	140,110	113,260
Split-Interest Funds	40,933	43,594
Total administrative fees	<u>\$ 1,615,854</u>	<u>\$ 1,553,530</u>

15. BOARD RESTRICTED FUNDS

The Foundation has a Board-restricted operating reserve with balances at June 30, 2017 and 2016 of \$808,147 and \$745,183, respectively, to be used when economic circumstances limit the income for operations. The Board considers it prudent management to plan for possible downturns in the economy with the ability to continue operations and continue to respond to the community during economic challenges. The Foundation also has three established Board-restricted funds reserved for special projects with balances at June 30, 2017 and 2016 of \$433,299 and \$383,296, respectively.

16. 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 2017 and 2016, respectively. At June 30, 2017 and 2016, the Foundation's uninsured cash balances total \$1,247,296 and \$1,553,695, respectively. These amounts include investments in Certificates of Deposit in addition to cash and cash equivalents.

HUMBOLDT AREA FOUNDATION
Notes To Consolidated Financial Statements

June 30, 2017 and 2016

17. 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.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2017, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

HUMBOLDT AREA FOUNDATION
SCHEDULE 1 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2017

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
ASSETS					
Cash and cash equivalents	\$ 1,316,723	\$ 188,820	\$ 798,366	\$ 7,731	\$ 2,311,640
Unconditional promises to give, net		604,613			604,613
Investments	1,307,977	69,211,769	32,306,740	5,480,522	108,307,008
Notes receivable from others					-
Property and equipment, net	1,708,080	2,525,507	125,000		4,358,587
Other assets	74,801	590			75,391
TOTAL ASSETS	\$ 4,407,581	\$ 72,531,299	\$ 33,230,106	\$ 5,488,253	\$ 115,657,239
LIABILITIES					
Accounts payable	\$ 115,052	\$ 2,374		\$ 23	\$ 117,449
Accrued expenses	154,156				154,156
Grants payable	79,811	827,789	\$ 168,237	97,752	1,173,589
Refundable advances	2,569				2,569
Note payable					-
Agency fund liability			16,974,135		16,974,135
Obligations under split- interest agreements		1,792,398			1,792,398
TOTAL LIABILITIES	351,588	2,622,561	17,142,372	97,775	20,214,296
NET ASSETS					
Unrestricted	2,761,641	60,762,758	16,087,734	5,390,478	85,002,611
Temporarily restricted	950,832	3,450,855	-		4,401,687
Permanently restricted	343,520	5,695,125			6,038,645
TOTAL NET ASSETS	4,055,993	69,908,738	16,087,734	5,390,478	95,442,943
TOTAL LIABILITIES AND NET ASSETS	\$ 4,407,581	\$ 72,531,299	\$ 33,230,106	\$ 5,488,253	\$ 115,657,239

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 243,470	\$ 659,889	\$ 1,476,392	\$ 20,790	\$ 2,400,541
Grant income	(39,230)				(39,230)
Investment income	38,138	1,448,213	380,626	137,968	2,004,945
Workshop and other income	186,807	-			186,807
Administrative fee income	181,043				181,043
Rental income		42,915			42,915
Net assets released from restrictions - Restrictions satisfied by time	1,706,533	793,589	200,000		2,700,122
TOTAL REVENUES AND OTHER SUPPORT	2,316,761	2,944,606	2,057,018	158,758	7,477,143
EXPENSES					
Program services:					
Grant making	821,149	1,717,724	1,043,990	197,971	3,780,834
Education, outreach and training	282,874	100,905			383,779
Community programs	1,949,914				1,949,914
Support services:					
Administrative	757,029			7,667	764,696
Investment	2,595	159,343	30,879	11,157	203,974
Development	317,194				317,194
TOTAL EXPENSES	4,130,755	1,977,972	1,074,869	216,795	7,400,391
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments	102,283	6,827,445	1,813,130	624,089	9,366,947
Gain (loss) on disposal of assets	200				200
Actuarial gain (loss) on annuity obligation					
TOTAL GAINS AND LOSSES	102,483	6,827,445	1,813,130	624,089	9,367,147
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS					
	(1,711,511)	7,794,079	2,795,279	566,052	9,443,899
INTERFUND TRANSFERS					
Administrative fees	1,434,811	(1,097,180)	(255,931)	(81,700)	-
Contributions/grants	435,641	(202,006)	(221,030)	(12,605)	-
CHANGE IN NET ASSETS	158,941	6,494,893	2,318,318	471,747	9,443,899
NET ASSETS BEGINNING OF YEAR					
	2,602,700	54,267,865	13,769,416	4,918,731	75,558,712
NET ASSETS END OF YEAR					
	\$ 2,761,641	\$ 60,762,758	\$ 16,087,734	\$ 5,390,478	\$ 85,002,611

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 76,197	\$ 780,990			\$ 857,187
Grant income	1,445,441				1,445,441
Investment income		168,850			168,850
Workshop and other income					
Administrative fee income					
Rental income					
Net assets released from restrictions - Restrictions satisfied by time	(1,686,985)	(612,934)	\$ (200,000)		(2,499,919)
TOTAL REVENUES AND OTHER SUPPORT	<u>(165,347)</u>	<u>336,906</u>	<u>(200,000)</u>	<u>-</u>	<u>(28,441)</u>
EXPENSES					
Program services:					
Grant making					
Education, outreach and training					
Community programs					
Support services:					
Administrative					
Investment					
Development					
TOTAL EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GAINS AND LOSSES					
Realized and unrealized gains (losses) on investments					
Gain (loss) on disposal of assets		751,450			751,450
Actuarial gain (loss) on annuity obligation		72,634			72,634
TOTAL GAINS AND LOSSES	<u>-</u>	<u>824,084</u>	<u>-</u>	<u>-</u>	<u>824,084</u>
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	(165,347)	1,160,990	(200,000)		795,643
INTERFUND TRANSFERS					
Administrative fees					
Contributions/grants					
CHANGE IN NET ASSETS	(165,347)	1,160,990	(200,000)		795,643
NET ASSETS BEGINNING OF YEAR	<u>1,116,179</u>	<u>2,289,865</u>	<u>200,000</u>	<u>-</u>	<u>3,606,044</u>
NET ASSETS END OF YEAR	<u>\$ 950,832</u>	<u>\$ 3,450,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,401,687</u>

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Operating and Special Projects Funds	Endowment Funds	Managed Funds	Supporting Organization	Total
REVENUES AND OTHER SUPPORT					
Contributions					
Grant income					
Investment income		\$ 11,980			\$ 11,980
Workshop and other income					
Administrative fee income					
Rental income					
Net assets released from restrictions -					
Restrictions satisfied by time	\$ (19,548)	(180,655)			(200,203)
TOTAL REVENUES AND OTHER SUPPORT	<u>(19,548)</u>	<u>(168,675)</u>	<u>-</u>	<u>-</u>	<u>(188,223)</u>
EXPENSES					
Program services:					
Grant making		-			-
Education, outreach and training					
Community programs					
Support services:					
Administrative					
Investment		-			-
Development					
TOTAL EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GAINS AND LOSSES					
Realized and unrealized gains (losses)					
on investments		-			-
Gain (loss) on disposal of assets					
Actuarial gain (loss) on					
annuity obligation					
TOTAL GAINS AND LOSSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	(19,548)	(168,675)			(188,223)
INTERFUND TRANSFERS					
Administrative fees		-			-
Contributions/grants					
CHANGE IN NET ASSETS	(19,548)	(168,675)			(188,223)
NET ASSETS BEGINNING OF YEAR	<u>363,068</u>	<u>5,863,800</u>	<u>-</u>	<u>-</u>	<u>6,226,868</u>
NET ASSETS END OF YEAR	<u>\$ 343,520</u>	<u>\$ 5,695,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,038,645</u>

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 243,470	\$ 76,197		\$ 319,667
Grant income	(39,230)	1,445,441		1,406,211
Investment income	38,138			38,138
Workshop and other income	186,807			186,807
Administrative fee income	181,043			181,043
Net assets released from restrictions - Restrictions satisfied by time	1,706,533	(1,686,985)	\$ (19,548)	
TOTAL REVENUES AND OTHER SUPPORT	2,316,761	(165,347)	(19,548)	2,131,866
EXPENSES				
Program services:				
Grant making	821,149			821,149
Education, outreach and training	282,874			282,874
Community programs	1,949,914			1,949,914
Support services:				
Administrative	757,029			757,029
Investment	2,595			2,595
Development	317,194			317,194
TOTAL EXPENSES	4,130,755	-	-	4,130,755
GAINS AND LOSSES				
Realized and unrealized gains (losses) on investments	102,283			102,283
Gain (loss) on disposal of assets	200			200
Actuarial gain (loss) on annuity obligation				-
TOTAL GAINS AND LOSSES	102,483	-	-	102,483
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	(1,711,511)	(165,347)	(19,548)	(1,896,406)
INTERFUND TRANSFERS				
Administrative fees	1,434,811			1,434,811
Contributions/grants	435,641			435,641
CHANGE IN NET ASSETS	158,941	(165,347)	(19,548)	(25,954)
NET ASSETS BEGINNING OF YEAR	2,602,700	1,116,179	363,068	4,081,947
NET ASSETS END OF YEAR	\$ 2,761,641	\$ 950,832	\$ 343,520	\$ 4,055,993

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 659,889	\$ 780,990		\$ 1,440,879
Grant income				
Investment income	1,448,213	168,850	\$ 11,980	1,629,043
Workshop and other income				-
Administrative fee income				
Rental income	42,915			42,915
Net assets released from restrictions - Restrictions satisfied by time	793,589	(612,934)	(180,655)	
TOTAL REVENUES AND OTHER SUPPORT	2,944,606	336,906	(168,675)	3,112,837
EXPENSES				
Program services:				
Grant making	1,717,724			1,717,724
Education, outreach and training	100,905			100,905
Community programs				
Support services:				
Investment	159,343			159,343
TOTAL EXPENSES	1,977,972	-	-	1,977,972
GAINS AND LOSSES				
Realized and unrealized gains (losses) on investments	6,827,445	751,450		7,578,895
Actuarial gain (loss) on annuity obligation		72,634		72,634
TOTAL GAINS AND LOSSES	6,827,445	824,084	-	7,651,529
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	7,794,079	1,160,990	(168,675)	8,786,394
INTERFUND TRANSFERS				
Administrative fees	(1,097,180)			(1,097,180)
Contributions/grants	(202,006)			(202,006)
CHANGE IN NET ASSETS	6,494,893	1,160,990	(168,675)	7,487,208
NET ASSETS BEGINNING OF YEAR	54,267,865	2,289,865	5,863,800	62,421,530
NET ASSETS END OF YEAR	\$ 60,762,758	\$ 3,450,855	\$ 5,695,125	\$ 69,908,738

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 1,476,392			\$ 1,476,392
Investment income	380,626			380,626
Net assets released from restrictions -				
Restrictions satisfied by time	200,000	\$ (200,000)		
TOTAL REVENUES AND OTHER SUPPORT	2,057,018	(200,000)	-	1,857,018
EXPENSES				
Program services:				
Grant making	1,043,990			1,043,990
Support services:				
Investment	30,879			30,879
TOTAL EXPENSES	1,074,869	-	-	1,074,869
GAINS AND LOSSES				
Realized and unrealized gains (losses)				
on investments	1,813,130			1,813,130
TOTAL GAINS AND LOSSES	1,813,130	-	-	1,813,130
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	2,795,279	(200,000)		2,595,279
INTERFUND TRANSFERS				
Administrative fees	(255,931)			(255,931)
Contributions/grants	(221,030)			(221,030)
CHANGE IN NET ASSETS	2,318,318	(200,000)	-	2,118,318
NET ASSETS BEGINNING OF YEAR	13,769,416	200,000	-	13,969,416
NET ASSETS END OF YEAR	\$ 16,087,734	\$ -	\$ -	\$ 16,087,734

See independent auditor's report.

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

For The Year Ended June 30, 2017

	Unrestricted
REVENUES AND OTHER SUPPORT	
Contributions	\$ 20,790
Investment income	137,968
TOTAL REVENUES AND OTHER SUPPORT	158,758
EXPENSES	
Program services:	
Grant making	197,971
Support services:	
Administrative	7,667
Investment	11,157
TOTAL EXPENSES	216,795
GAINS AND LOSSES	
Realized and unrealized gains (losses) on investments	624,089
TOTAL GAINS AND LOSSES	624,089
CHANGE IN NET ASSETS BEFORE INTERFUND TRANSFERS	566,052
INTERFUND TRANSFERS	
Administrative fees	(81,700)
Contributions/grants	(12,605)
CHANGE IN NET ASSETS	471,747
NET ASSETS BEGINNING OF YEAR	4,918,731
NET ASSETS END OF YEAR	\$ 5,390,478

See independent auditor's report.