Management Discussion & Analysis

Our Vision: A Thriving, Just, Healthy and Equitable Region

The Humboldt Area Foundation + Wild Rivers Community Foundation and our affiliate organizations are more than a year into investing in a generational vision in support of Humboldt, Del Norte, Trinity, and Curry counties, and the 27 Native American Tribal Nations and their descendant territories.

Having adopted this vision and decade-long strategic plan in 2021, we are also investing in our systems, staff, and services to support the future of the remarkable region we love and serve. Our Board of Directors, national and statewide philanthropic partners, and local donors have committed robustly to our extensive plan and bold vision.

Our service region is located on unceded Indigenous territory, and its survivors are among the most populous and active culture bearers for reviving Native American traditions and lifeways. We share a deep gratitude and respect for our Indigenous communities as well as those of people from around the world who have settled here and brought their traditions.

Our future involves supporting and learning from our indigenous neighbors. It also means welcoming the knowledge of communities that have already and will soon migrate to our region from around the world. We see a role in supporting ways for each of them to be healthy, thrive, and bring their unique talents to elevate us all.

We are able to achieve this in conjunction with a family of affiliates and supporting organizations: the Native Cultures Fund, Humboldt Health Foundation, Equity Alliance of the North Coast, Trinity Trust, Redwood Region CORE Hub, and other programs. These powerful community-based partnerships deliver resources to our region's places, purposes, and peoples.

We are also able to achieve this because of exceptional partnerships with local donors and philanthropic organizations devoted to reducing economic, social, health, and environmental vulnerabilities. Through this generosity, we can invest in our community's wisdom and solutions, and empower local knowledge. Last year, the Foundation distributed $7.6 million in grants, $1 million in scholarships, and countless hours of technical assistance, advocacy, and convening. This includes nearly $800,00 through our Community Response Team, distributing urgent grants and support for disasters and emergencies.

Our growth and ability to adjust and adapt to the changing circumstances of our region are hallmarks of the vision and strategy we are implementing, and the regional organization we are building together:

VISION

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

GOALS

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

Racial Equity

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

Thriving Youth and Families

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

Healthy Ecosystems and Environments

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

A Just Economy and Economic Development

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

Together, these four goals inform and guide the programmatic and strategic work of the organization. In 2022, the Foundation emerged from under the restraints of the global pandemic to make steady progress in various community endeavors.

Select Highlights of 2022

HAF+WRCF Launches Fund to Support Missing and Murders Indigenous Peoples (MMIP):

The Foundation launched The Pacific Redwoods Missing & Murdered Indigenous People (MMIP) Crisis Action Fund with seed funding from individual donors and the Foundations' discretionary fund. The fund will support regional research, policy advocacy, crisis response and recovery, and will aim to close technical assistance gaps. It will also allow for the Foundations' continued partnership with Tribal leaders and Indigenous experts to facilitate community support and address the root causes of this public safety threat.

"The national tragedy of MMIP has been all but ignored by philanthropy," said Bryna Lipper, CEO of the Humboldt Area and Wild Rivers Community Foundation. "These are our girls, our friends, our community. Their absence is devastating to us all. Today, and every day until it is no more, we are called to face the crisis that is Missing and Murdered Indigenous Persons. We can do something to end this now."

California's most populous Tribe, the Yurok Nation, has developed internationally recognized MMIP justice efforts, working with the region's Inter-Tribal Court to advocate for public and philanthropic resources, elevate research, and help bridge barriers to services. Some of those barriers are a result of legal and jurisdictional issues arising from a 1950's era Congressional Act known as Public Law 280 (or PL 280), which applies to California and five other states. Tribes were neither consulted nor consented to the sweeping change.

This law has been used as justification to deny law enforcement funding to Tribes and has "dramatically altered criminal justice in Indian Country," according to the Department of Justice's Institute for Justice.

"We, all of those who are left behind, are failing. Our people are going missing. They are being trafficked and murdered," said Judge Abby Abinanti, Yurok Tribal Court Chief Justice. "We will not stop fighting for a fair and reasonable share of resources for our region, for our people, and our justice partners. Failures are mounting and we must unite and ensure justice as the right of all."

Homicide is the third leading cause of death for Indigenous women and girls. In some Tribal communities, indigenous women face murder rates that are more than 10 times the national average. These rates are disproportionately high in the Pacific Redwoods region, which accounts for two-thirds of California's MMIP cases. California is home to the nation's fifth-highest number of MMIP incidents.

Redwood CORE Hub Grows Community Partnerships

The Redwood Region Climate and Community Resilience Hub (CORE Hub), a community organization currently being incubated at HAF+WRCF, was developed around two major goals: To help the Redwood region become the first proven carbon-sequestering rural region in the U.S. by 2030, and support climate adaption with a focus on equity to ensure any benefits help underrepresented and marginalized communities. So far, generous philanthropic partners have committed nearly $6 million to support the CORE Hub.

Offshore wind development on the North Coast is pivotal to meeting state and federal climate goals and can provide vital energy reliability and climate resilience benefits to the region. However, past boom and bust industries on the North Coast have harmed Tribal Nations and precious ecosystems, and the region is still recovering from a legacy of underinvestment. Today, many communities in the region lack reliable electricity, broadband, transportation, and housing, as well as access to childcare and other services – pivotal services that are needed to host this new industry.

“Far too often in our region, racialized and extractive natural resource industries have a significant cost in terms of collateral damage to underserved and marginalized communities,” Bryna Lipper, CEO of HAF+WRCF. “Today, North Coast Community Benefits Network aims to rewrite that script as it relates to offshore wind by advocating for community-driven development approaches.”

In comments submitted to the Bureau of Ocean Energy Management this last summer, the Network recommended a 50 percent bid credit package to be dedicated to Tribes, Tribal Fisheries, local communities, and environmental research and monitoring. This means that 50 percent of the federal revenues from the lease sale that would otherwise go to the federal government would be used locally instead. The Network additionally proposed safety and protections for Tribal Nations and the environment and targeted commitments to building a local workforce around construction, operations, and science.

Grant Architect Program Shares Cutting Edge Graining with Community Partners

The competition for billions of federal grant dollars available each year is fierce and not easy for beginners nor for the faint of heart. HAF+WRCF developed the “Grant Architects” training —modeled after one created by the Ford Family Foundation — because it knew that many organizations and local tribal and government entities were missing out on significant federal grant money. The course is designed to help state, county and local agencies, educational institutions, hospitals, private nonprofit organizations, and even for-profit organizations that are eligible for specific programs. This 8-month intensive training program for the Foundation’s community partners helps participants complete grant applications and secure federal funding for our region.

Native Land Acknowledgement Statement

We acknowledge that the HAF+WRCF Service Region is located on unceded territory and is the traditional ancestral homeland of Indigenous nations. We share a deep gratitude and respect for our Indigenous communities. We take this opportunity to thank and honor the original caretakers of the lands that Indigenous people continue to cherish and protect, as elders have instructed the young through the generations. The following is an incomplete list of the Indigenous Peoples and Tribal Nations who have occupied this region since time immemorial:

1. Bear River Band of the Rohnerville Rancheria
2. Big Lagoon Rancheria
3. Blue Lake Rancheria
4. Chilula Tribe
5. Chimariko*
6. Chit-dv-ne'*
7. Coquille*
8. Hoopa Valley Indian Reservation
9. Karuk Tribe
10. Lassik*
11. Nomlaki
12. Nongatl*
13. Nor El Muk Wintu Nation
14. Resighini Rancheria
15. Round Valley Indian Tribes
16. Shasta Costa*
17. Sinkyone
18. Sovereign Nation of Elk Valley Rancheria
19. Takelma*
20. Tolowa Dee-ni' Nation
21. Trinidad Rancheria
22. Tsnungwe Council
23. Tututni*
24. Wailaki
25. Whilkut
26. Wiyot Tribe
27. Yurok Tribe

*Denotes tribes with descendants only.

The Foundation pays voluntary honor taxes to the Tolowa Dee-ni' Nation and the Wiyot Honor Tax Fund in recognition that our properties sit on their unceded homelands. For more information, visit tolowa-nsn.gov and honortax.org.

About the Foundation

Humboldt Area Foundation serves Curry, Del Norte, Humboldt and Trinity Counties by building a Thriving, Just, Healthy, and Equitable region.

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

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

- Building Healthy Communities – Del Norte County and Adjacent Tribal Lands
- COREHub – Redwood Region Climate & Community Resilience (CORE) Hub
- Equity Alliance of the North Coast – Creating A Place Where We All Belong
- Humboldt Health Foundation
- NCF – Native Cultures Fund
- NorCAN – Northern California Association of Nonprofits
- The Trinity Trust
- The Del Norte Nonprofit Alliance
- Leavey Ranch, LLC.

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

Humboldt Area Foundation

Wild Rivers Community Foundation

Humboldt Area Foundation

Consolidated Financial Statements

June 30, 2022

With Summary Comparative Information for

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Humboldt Area Foundation:

Opinion

We have audited the accompanying consolidated financial statements of the Humboldt Area Foundation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Humboldt Area Foundation as of June 30, 2022, and the changes in net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Humboldt Area Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Humboldt Area Foundation's consolidated financial statements for the fiscal year ended June 30, 2021, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California
March 8, 2023

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
ASSETS		
ASSETS		
Cash and cash equivalents	$ 7,444,920	$ 5,964,103
Unconditional promises to give, net	1,986,718	826,881
Investments	139,000,274	165,811,034
Mission-related investments	2,097,398	1,992,065
Prepaid expenses and other current assets	92,960	60,237
Property and equipment, net	4,103,057	4,468,725
TOTAL ASSETS	$ 154,725,327	$ 179,123,045
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 316,834	$ 210,482
Accrued employee related expenses	355,742	267,977
Grants payable	958,498	1,012,794
Agency pass-through funds	31,981,236	36,342,975
Paycheck Protection Program (PPP) loan	--	565,487
Obligations under split-interest agreements	1,792,467	1,529,475
COMMITMENTS (NOTE 12)		
TOTAL LIABILITIES	35,404,777	39,929,190
NET ASSETS		
Without donor restrictions	109,791,355	130,041,618
With donor restrictions	9,529,195	9,152,237
TOTAL NET ASSETS	119,320,550	139,193,855
TOTAL LIABILITIES AND NET ASSETS	$ 154,725,327	$ 179,123,045

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH SUMMARY COMPARATIVE TOTALS FOR JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	June 30, 2022	June 30, 2021
REVENUE AND SUPPORT				
Contributions	$ 7,549,487	$ 165,340	$ 7,714,827	$ 5,779,859
Grants	3,579,726	2,659,690	6,239,416	3,776,852
Investment income, net	(19,392,429)	14,782	(19,377,647)	32,683,489
Administrative fee income	334,249	--	334,249	288,128
Workshops and other income	37,855	--	37,855	6,208
Rental income	54,966	--	54,966	48,250
Change in value of split-interest agreements	--	(553,341)	(553,341)	179,548
Gain on sale of property	5,000	--	5,000	--
Net assets released from restrictions	1,909,513	(1,909,513)	--	--
TOTAL REVENUE AND SUPPORT	(5,921,633)	376,958	(5,544,675)	42,762,334
EXPENSES				
Programs and grants	11,690,359	--	11,690,359	10,199,919
Supporting services:				
Administration and general	1,406,240	--	1,406,240	1,280,718
Fundraising and development	1,232,031	--	1,232,031	654,837
TOTAL EXPENSES	14,328,630	--	14,328,630	12,135,474
CHANGE IN NET ASSETS	(20,250,263)	376,958	(19,873,305)	30,626,860
NET ASSETS AT BEGINNING OF YEAR	130,041,618	9,152,237	139,193,855	108,566,995
NET ASSETS AT END OF YEAR	$ 109,791,355	$ 9,529,195	$ 119,320,550	$ 139,193,855

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH SUMMARY COMPARATIVE TOTALS FOR JUNE 30, 2021

	Programs and Grants	Administration and General	Fundraising and Development	June 30, 2022	June 30, 2021
PERSONNEL EXPENSES					
Salaries and wages	$ 1,284,557	$ 704,697	$ 801,790	$ 2,791,044	$ 2,589,361
Employee benefits and taxes	367,617	222,407	215,572	805,596	680,001
TOTAL PERSONNEL EXPENSES	1,652,174	927,104	1,017,362	3,596,640	3,269,362
OTHER EXPENSES					
Grants and assistance	9,063,358	--	--	9,063,358	7,608,139
Bank and merchant fees	--	11,253	--	11,253	12,913
Community convening, conferences and meetings	270,265	812	8,705	279,782	74,820
Depreciation	54,604	43,121	15,495	113,220	114,376
Equipment and leases	4,902	7,939	2,853	15,694	41,799
Information technology	61,942	107,284	38,549	207,775	222,252
Insurance	14,138	30,940	6,866	51,944	51,863
Professional services:					
Accounting	--	48,850	--	48,850	48,675
Legal	--	13,108	--	13,108	2,195
Other professional services	372,300	20,874	7,499	400,673	117,736
Occupancy	91,051	50,553	18,166	159,770	188,436
Office expenses	39,524	79,126	28,430	147,080	191,065
Outreach, promotion and development	41,941	43,764	81,717	167,422	187,126
Repairs and maintenance	5,424	1,464	4,075	10,963	--
Travel	7,200	3,318	2,102	12,620	2,022
Other expenses	11,536	16,730	212	28,478	2,695
TOTAL OTHER EXPENSES	10,038,185	479,136	214,669	10,731,990	8,866,112
TOTAL EXPENSES	$ 11,690,359	$ 1,406,240	$ 1,232,031	$ 14,328,630	$ 12,135,474

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

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	($ 19,873,305)	$ 30,626,860
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in allowance and present value discount for unconditional promises to give	552,001	356,513
Donated securities	(4,419,629)	(1,720,955)
Realized and unrealized losses (gains) on investments	29,345,186	(40,480,000)
Contributions restricted for investment in perpetuity	(14,782)	(7,101)
Loss on disposal of property and equipment	255,656	--
Depreciation	113,220	114,376
Paycheck Protection Program (PPP) loan forgiveness	(565,487)	(573,700)
Change in actuarial annuity liability	(362,193)	(2,976)
Change in operating assets and liabilities:		
Unconditional promises to give	(1,711,838)	(764,766)
Prepaid expenses and other current assets	(32,723)	3,086
Accounts payable and accrued expenses	106,352	52,040
Accrued employee related expenses	87,765	30,984
Grants payable	(54,296)	(245,859)
Agency pass-through funds	(4,361,739)	8,729,581
Obligations under split-interest agreements	625,185	561,288
Net Cash Used In Operating Activities	(310,627)	(3,320,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	36,743,252	22,283,339
Purchases of investments	(34,858,049)	(20,463,397)
Proceeds from repayments on mission-related investments	186,667	1,109,876
Disbursements on mission-related investments	(292,000)	(510,000)
Proceeds from disposal of assets	5,000	--
Purchases of property and equipment	(8,208)	(4,042)
Net Cash Provided By Investing Activities	1,776,662	2,415,776
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program (PPP) loan	--	565,487
Contributions restricted for long-term investments	14,782	7,101
Net Cash Provided By Financing Activities	14,782	572,588
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,480,817	(332,265)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,964,103	6,296,368
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 7,444,920	$ 5,964,103

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

HUMBOLDT AREA FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH SUMMARY COMPARATIVE TOTALS FOR 2021

NOTE 1 – Organization

The Humboldt Area Foundation+Wild Rivers Community Foundation (the Foundation, or HAF+WRCF) is a nonprofit public benefit corporation. The Foundation's strategic vision is to help create a thriving, just, healthy, and equitable region.

For five decades, the Humboldt Area Foundation — joined since 2004 by the Wild Rivers Community Foundation — has proudly served the counties of Humboldt, Trinity, and Del Norte in California, and Curry County in Southern Oregon. The Foundation also honors the territories of 27 Native American nations, reservations, rancherias, and their descendants. The service area represents remote, rural, and tribal areas that are bound together by land, water, history, and circumstance. The region is a nearly 10,000 square-mile area that is simultaneously challenging, remarkable, evolving, enduring, and beautiful — and is home to about 200,000 individuals who the Humboldt Area Foundation are entrusted to serve.

This region is defined in numerous ways that the Foundation and affiliates are devoted to serving. These lands harbor precious natural ecosystems. Containing 24 lakes and 13 rivers, Curry County is 18% water. Del Norte County is also 18% water, with 19 lakes and five major rivers — four of which flow through Humboldt County with its 110 miles of Pacific coastline, 12 watersheds, five lagoons, and two lakes. Trinity County has four lakes and shares Trinity River with the adjacent Humboldt County. The Humboldt Area Foundation is stitched together by these bodies of water and are linked to the Pacific. The bodies are sacred, wild, scenic, and recreational. The bodies are the basis of life for the Foundation, flowing through the history of the place, feeding the redwood trees, the salmon, the farms, and generations of people. Klamath, Eel, Mad, Mattole, Smith, Chetco, Rogue, and Sixes are just some of the evocative names of these rivers, which connect jurisdictions and cultures, times and places, species, and ways of living. Local Tribes include the Yurok Nation, the most populous in the state, as well as the Hoopa Valley, Karuk, Wiyot, and Tolowa Dee-Ni' nations.

And while the Foundation invests in this remarkable Tribal cultural renaissance, Humboldt Area Foundation recognizes the institution and others like it must reconcile the legacy of systematic genocide and ongoing harm to the Indigenous peoples before honest healing can occur. Immigrants brought the cultures and dreams here — and yet they are subjected to the harshness of the boom-and-bust and extractive resource cycles, which have extracted more than just wealth from people and place. But the souls of those who endured were etched into our cuisines, music, arts, literature, philosophy, and shared identity. And thus, the Foundation reflects Hmong and Lao, Chinese, Salvadoran, Mexican, and dozens of other cultural influences. Moreover, much of the region is now a sanctuary for a significant number of California's migrant and undocumented workers, given its agriculture and service industries that feed and care for tens of millions of beings.

NOTE 1 – Organization *(continued)*

Today, the Humboldt Area Foundation service area has emerged as a hub of dairy and agricultural production for the region — including a transitioning cannabis industry. Its largest employers are governments, nonprofits, and retail services. The art and music produced here is nationally acclaimed. The region's Tribes are leading internationally recognized ecological, equity, and revitalization efforts. There are tremendous opportunities to work together to blend the skills, ideas, and interests to ensure that the economy serves the people in a just and equitable way and provides for each family's thriving, health, and inspiration.

During the current fiscal year, the Foundation distributed more than $8.9 million in grants, including nearly 600 scholarships; and managed $2.2 million in its local impact lending portfolio. The Foundation partners closely with generous donors to manage their philanthropic funds and investments. Revenue through the earnings on investments, grants, contributions from the community, and from certain community events support the Foundation's programs, grants, scholarships, and operations.

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

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

NOTE 1 – Organization *(continued)*

The Foundation serves residents of Del Norte County in California and Curry County in Oregon and tribal lands by also operating under the name Wild Rivers Community Foundation. Since 2021, the Foundation has combined both operating names, and is known as the Humboldt Area Foundation+Wild Rivers Community Foundation, as mentioned at the beginning of this document. The accompanying consolidated financial statements include all activities in those regions.

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

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

NOTE 2 – Summary of Significant Accounting Policies

Principles of Consolidation

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

Basis of Presentation of Financial Statements

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

Comparative Financial Information

The accompanying consolidated financial statements include certain prior fiscal year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations year over year. Accordingly, these comparative consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended June 30, 2021, from which the summarized information was derived.

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

Cash and Cash Equivalents

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

Unconditional Promises to Give

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

Investments

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

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

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

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

Investments (continued)

The four master accounts are as follows:

- *Fixed income pool* focuses on maintaining the principal of the fund and is invested in money market accounts over a short duration.
- *Mid-term pool* is investments with a shorter time frame of three to five years. The pool is composed of 60 percent fixed income investments and 40 percent equity investments.
- *Long-term pool* is investments with a long-term horizon and is invested 70 percent in equities, 15 percent in fixed income, 10 percent in the private markets, and 5 percent in private credit.
- *Socially responsible pool* focuses on investments that address climate change, sustainability, other social issues, and maintain good governance practices. This fund is invested 80 percent in equities and 20 percent in fixed income.

Property and Equipment

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

Grants Payable

Unconditional grants are recognized when approved and communicated to the grantee. Grants approved by the Board of Directors that are payable upon the performance of specified conditions by the grantee are not reflected in grants payable until those conditions are satisfied. There were two conditional grants outstanding at June 30, 2022 and 2021 for $120,000 and $240,000, respectively.

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

Agency Pass-Through Funds

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

Classification of Net Assets

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

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

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

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

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

Classification of Net Assets (continued)

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

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service revenue and event sponsorships received in advance are deferred to the applicable period in which the related services are performed or event occurs. There were no conditional promises to give received during the fiscal years ended June 30, 2022 or 2021.

Donated Services and In-Kind Contribution

Contributed goods and use of facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of securities are recorded at the average of the quoted high and low market price on the date of donation. Donated securities totaled $4,419,629 and $1,720,955 for the fiscal years ended June 30, 2022 and 2021, respectively. Contributions of real estate are recorded at appraised and estimated fair value on the date received and generally made available for sale as soon as practical. During the fiscal years ended June 30, 2022 and 2021, the Foundation did not receive any donated goods or services.

Outreach, Promotion and Development

Outreach, promotion and development, or advertising expenditures, are charged to operations when incurred. Advertising expense for the fiscal years ended June 30, 2022 and 2021 was $167,422 and $187,126, respectively.

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

Income Tax Status

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

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

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

Estimates

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

Financial Instruments and Credit Risk

Concentration risk is managed by placing cash and cash equivalents with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. During the fiscal year ended June 30, 2021, the Foundation initiated a Deposit Placement Agreement by which funds are deposited with multiple banks to maintain levels below the maximum Federal Deposit Insurance Corporation (FDIC) deposit insurance limits. Funds in the program at June 30, 2022 and 2021 totaled $3,655,489 and $2,654,019, respectively. Credit risk associated with unconditional promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Board of Directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

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

Accounting Pronouncements Adopted

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 is aimed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 became effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021.

Recent Accounting Pronouncements

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

Subsequent Events

The Foundation has evaluated subsequent events through March 8, 2023, which was the date these consolidated financial statements were available to be issued for the fiscal year ended June 30, 2022 and noted no items to disclose.

NOTE 3 – Liquidity and Availability

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

	2022	2021
Cash and cash equivalents	$ 7,444,920	$ 5,964,103
Unconditional promises to give, net	1,986,718	826,881
Investments	139,000,274	165,811,034
Total financial assets	148,431,912	172,602,018
Less: amounts unavailable for general expenditures within one-year, as a result of:		
Donor restrictions:		
Funds subject to time or purpose restrictions	(3,452,760)	(3,123,032)
Endowments	(5,735,026)	(5,720,245)
Investments in property and equipment, net	(341,409)	(308,960)
	(9,529,195)	(9,152,237)
Board-designated funds:		
Operating reserves	(1,101,407)	(1,242,020)
Investment in property and equipment, net	(3,761,648)	(4,159,765)
	(4,863,055)	(5,401,785)
Investments measured at NAV	(6,825,374)	(14,843,641)
Investments held for agency pass-through funds	(29,253,237)	(33,242,919)
Unconditional promises to give, net, due in more than one-year	(21,465)	(17,061)
	(36,100,076)	(48,103,621)
Financial assets available to meet cash needs for general expenditures within one-year	$ 97,939,586	$ 109,944,375

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

NOTE 3 – Liquidity and Availability *(continued)*

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

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

At June 30, 2022 and 2021, an additional $82,679,903 and $99,614,547, respectively, of donor-endowed funds classified as net assets without donor restrictions would not be considered available to meet general expenditures within one-year, leaving the financial assets of $15,266,756 and $10,329,828, respectively, available for general expenditures. In the event of an unanticipated liquidity need, the Foundation has four Board-designated operating reserves that can be used with Board approval for administrative and operating expenses. The Board-designated reserve funds have balances of $1,101,407 and $1,242,020 as of June 30, 2022 and 2021, respectively.

NOTE 4 – Unconditional Promises to Give

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

	2022	2021
Amounts expected in less than one year	$ 3,017,806	$ 1,336,400
Amounts expected in one to five years	--	--
Amounts expected in more than five years	148,317	117,885
	3,166,123	1,454,285
Less: discount to net present value	(15,614)	(12,410)
Less: allowance for uncollectible amounts	(1,163,791)	(614,994)
Total	$ 1,986,718	$ 826,881

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

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

Unconditional promises to give expected in more than five years are discounted to net present value using a rate of 5% at June 30, 2022 and 2021.

NOTE 5 – Fair Value Measurements and Disclosures

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

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

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

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

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

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2022:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Certificates of deposit	$ 296,110	$ --	$ 296,110	$ --
Fixed income funds	151,346	151,346	--	--
Common stock	2,748,328	2,748,328	--	--
ETF's & CEF's	197,158	197,158	--	--
Global equity funds	12,399,034	12,399,034	--	--
IRA Account	26,117	--	26,117	--
Mutual funds	116,167,198	116,167,198	--	--
Regional mission-related investments	2,097,398	2,097,398	--	--
Government securities	189,609	189,609	--	--
	134,272,298	$ 133,950,071	$ 322,227	$ --
Investments at NAV	6,825,374			
Total	$ 141,097,672			
LIABILITIES				
Agency pass-through funds	$ 31,981,236	$ --	$ --	$ 31,981,236

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

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

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Certificates of deposit	$ 295,690	$ --	$ 295,690	$ --
Fixed income funds	224,041	224,041	--	--
Common stock	3,574,967	3,574,967	--	--
EFT's & CEF's	249,322	249,322	--	--
Global equity funds	29,487,028	29,487,028	--	--
Mutual funds	116,940,118	116,940,118	--	--
Regional mission-related investments	1,992,065	1,992,065	--	--
Government securities	196,227	196,227	--	--
	152,959,458	$ 152,663,768	$ 295,690	$ --
Investments at NAV	14,843,641			
Total	$ 167,803,099			
LIABILITIES				
Agency pass-through funds	$ 36,342,975	$ --	$ --	$ 36,342,975

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

	2022	2021
Fair value, beginning of the year	$ 36,342,975	$ 27,613,394
Additions to the funds	2,125,335	1,846,889
Investment income, net	(5,531,485)	8,940,090
Management fees	(285,813)	(246,175)
Expenses	(34,408)	(28,760)
Withdrawal of funds by agency	(635,368)	(1,782,463)
Fair value, end of the year	$ 31,981,236	$ 36,342,975

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

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent at fiscal year ended June 30, 2022:

Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Absolute return fund	(a)	$ --	$ --	Quarterly-Illiquid	90 days
Private credit fund	(b)	6,817,003	10,000,051	Liquidate	7 days
Private equity fund	(c)	8,371	20,000	Liquidate	n/a
Total		$ 6,825,374	$ 10,020,051		

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

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

(a) The Absolute Return Fund is a fund-of-funds format employing a variety of strategies, including, but not limited to, multi-strategy, long/short equity, arbitrage, event-driven, distressed debt and credit. This fund has the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivative, and invest in the debt or equity of public and private companies in domestic and foreign markets. The Angeles Absolute fund has redemption restrictions limiting redemptions to time periods. There are no unfunded commitments. As of June 30, 2022, the Foundation closed their position in the Angeles Absolute Return Fund.

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

(b) The Private Credit Fund is investments in Angeles Private Credit Fund LP, a Delaware limited partnership. The investment objective of the Fund is to achieve attractive risk-adjusted returns by primarily pursuing credit-oriented investment strategies. The Fund is permitted to make such investments in independent investment funds or accounts ("Portfolio Funds") advised by investment managers ("Portfolio Managers") and/or by investing in co-investments into direct investments in equity or debt alongside Portfolio Funds or other direct investments in equity or debt ("Direct Investments"). These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2022 and 2021 there were $10,000,051 and $3,890,742 in unfunded commitments, respectively.

(c) The Private Equity Fund is an investment in Blackrock Fulton Street Fund, L.P., a limited partnership that seeks to provide capital appreciation through diversified investments in private equity, and externally managed pooled investment vehicles, as well as investments in private companies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more. As of both June 30, 2022 and 2021 there were $20,000 in unfunded commitments.

NOTE 6 – Mission-Related Investments

The Foundation's Board of Directors has approved a policy for investing up to five percent of the long-term investment pool in local investments. Mission-related investments are to support community-related projects that align with and support the philanthropic objectives of the Foundation. These loans are generally due over a period of one to fifteen years with stated interest rates of 1 to 7.5 percent and are designed to match the returns of the Foundation's fixed income portfolio. At June 30, 2022 and 2021, up to approximately $5,140,000 and $6,620,000, respectively, was available for local investments; $2,097,398 and $1,992,065, respectively, was outstanding.

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

	2022	2021
Northern California Indian Development Council	$ 328,871	$ 337,992
Friends of Redwood Acres Fairgrounds	--	85,370
Hoopa Tribe	845,870	868,046
Humboldt NeuroHealth	287,159	--
City of Blue Lake Town Center	195,344	198,679
Business Resilience Loans	124,566	184,448
Eureka Theatre	225,000	225,000
Resident Owned Parks	90,588	92,530
Total	$ 2,097,398	$ 1,992,065

NOTE 6 – Mission-Related Investments *(continued)*

During the fiscal year ended June 30, 2020, the Foundation purchased eight Paycheck Protection Program loans for nonprofit agencies from a local financial institution in response to the COVID-19 pandemic. In addition, the Foundation made available $500,000 to a local economic development agency to purchase participations in thirty loans to small businesses. During the fiscal year ended June 30, 2022 and 2021, the loans were $2,284,065 and $3,101,993, respectively. Management has determined that an allowance for uncollectible loans was not considered necessary at June 30, 2022 or 2021.

NOTE 7 – Endowment

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

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

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

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

NOTE 7 – Endowment ***(continued)***

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

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

At times certain individual endowment funds may have their fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. However, the Foundation further recognizes that a decline below original gift value threatens that fund's ability to make future grants on the scale intended by the donor. At June 30, 2021, there were no underwater endowments. At June 30, 2022, there was one underwater endowment difference from the acquired date in December 2010 of $1,414.

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

The Foundation's endowment funds, by net asset classification, were as follows as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ 915,700	$ 5,735,025	$ 6,650,725

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

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

NOTE 8 – Property and Equipment

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

Property and equipment are summarized as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Building and improvements	$ 2,978,544	$ 345,600	$ 3,324,144
Furniture and equipment	118,567	--	118,567
Vehicles	26,610	--	26,610
	3,123,721	345,600	3,469,321
Less accumulated depreciation	(1,300,529)	(192,191)	(1,492,720)
Land	1,938,456	188,000	2,126,456
Total	$ 3,761,648	$ 341,409	$ 4,103,057

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

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

Depreciation expense for the fiscal years ended June 30, 2022 and 2021 was $113,220 and $114,376, respectively.

NOTE 9 – Grants Payable

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

For the fiscal year ending June 30,	
2023	$ 946,498
2024	8,000
2025	4,000
Total	$ 958,498

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

NOTE 10 – Paycheck Protection Program (PPP) & Employee Retention Credit (ERC)

During April 2020 and April 2021, the Foundation received loan proceeds of $573,700 and $565,487, respectively, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest were forgivable after eight or twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its full time equivalent (FTE) headcount levels. In February 2021 and March 2022, the Foundation's applications for forgiveness were approved and the full amount of both PPP loans were recognized as grant revenue on the statement of activities during the fiscal year forgiven.

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

During the fiscal year ended June 30, 2022, the Foundation received a payroll tax credit in the amount of $192,224. This credit related to the Employee Retention Credit (ERC) which was established by the CARES Act and subsequently modified to allow organizations to obtain both a PPP loan and ERC.

While the Foundation currently believes that the qualifications surrounding the ERC were based on meeting the eligibility criteria, the Internal Revenue Service (IRS) reserves the right to review payroll tax filings utilized to request the ERC within three years following the date of filing.

NOTE 11 – Split Interest Agreements

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

	2022	2021
Beginning balance	$ 2,771,548	$ 1,801,026
Contributions	796,071	807,218
Investment income, net	(466,499)	613,454
Final distributions	(170,884)	(245,930)
Management fees	(48,438)	(29,453)
Beneficiary distributions	(224,254)	(168,127)
Expenses	(8,446)	(6,640)
Ending Balance	$ 2,649,098	$ 2,771,548

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Present values of the estimated future payments are calculated using a discount rate and applicable mortality tables and totaled $1,792,467 and $1,529,475 for the fiscal years ended June 30, 2022 and 2021, respectively.

NOTE 12 – Commitments

Annual Pension Payments

The Foundation is committed, and funds have been set aside, to make annual pension payments of $9,000 for the next 8 years.

NOTE 12 – Commitments *(continued)*

Operating Leases

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

For the fiscal year ending June 30,	
2023	16,613
2024	3,068
Total	$ 19,681

Lease expense for the fiscal years ended June 30, 2022 and 2021 was $57,355 and $27,299, respectively.

NOTE 13 – Net Assets

Net Assets without Donor Restrictions

Board-Designated Operating Reserves

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

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

	2022	2021
Operating reserve	$ 933,022	$ 1,052,138
Strategic programs reserve	41,916	47,267
Technology reserve	110,916	125,077
Deferred maintenance reserve	15,553	17,538
Total	$ 1,101,407	$ 1,242,020

NOTE 13 – Net Assets *(continued)*

Net Assets without Donor Restrictions (continued)

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

	2022	2021
Board-designated		
Operating reserves	$ 1,101,407	$ 1,242,020
For investment in property and equipment	3,761,648	4,159,765
Total Board-designated	4,863,055	5,401,785
Undesignated	104,928,300	124,639,833
Total	$ 109,791,355	$ 130,041,618

Net Assets with Donor Restrictions

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

	2022	2021
Subject to expenditure for specified purpose:		
Programmatic activities	$ 2,637,721	$ 1,875,930
Restricted property	300,320	311,120
Subject to the passage of time:		
Assets held under split interest agreements, net	855,176	1,243,175
Perpetual in nature, the earnings from which are subject to spending policies or appropriation:		
Endowed assets formerly held in trust	5,735,025	5,720,245
Annuity	953	1,767
Total	$ 9,529,195	$ 9,152,237

NOTE 13 – Net Assets *(continued)*

Net Assets with Donor Restrictions (continued)

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

	2022	2021
Satisfaction of purpose restrictions:		
Programmatic activities	$ 1,727,158	$ 717,285
Distributions (proceeds were not restricted by donors):		
Assets held under split-interest agreements	170,884	245,930
Restricted property	11,471	7,151
Total	$ 1,909,513	$ 970,366

NOTE 14 – Concentrations

For the fiscal years ended June 30, 2022 and 2021, three estates and two estates constituted 37% and 48% of net unconditional promises to give, respectively.

NOTE 15 – Retirement Plan

The Foundation has a tax-deferred annuity plan as covered by Internal Revenue Code Section 403(b) (the Plan). Regular employees working a minimum of twenty hours per week are eligible to enter the Plan as a participant (a) solely for the purpose of making elective deferrals, upon date of hire; and (b) solely for the purpose of receiving employer nonelective contributions, upon completing six months of service. Total employer contributions as of June 30, 2022 and 2021 were $197,988 and $188,928, respectively.

NOTE 16 – Functional Expenses

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

NOTE 17 – Affordable Housing Grant

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

NOTE 18 – Statements of Cash Flow Supplemental Disclosures

For the fiscal years ended June 30:

	2022	2021
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	$ 4,419,629	$ 1,720,955
Noncash financing transactions	$ 565,487	$ 573,700

NOTE 19 – Related Parties

During the fiscal year ended June 30, 2022 the Foundation contracted with a former member of management and a member of the Board of Directors for consulting services for total compensation of approximately $11,000. There were no related party transactions during the fiscal year ended June 30, 2021.

NOTE 20 – Subsequent Events and Economic Uncertainty

Global economies and financial markets have been impacted during the pandemic that began in December 2019 and continues in various capacities through the date the Foundation's consolidated financial statements were available for issuance. Although management continues to monitor and assess the effects of the pandemic on the Foundation, the ultimate impact of the outbreak or a similar health epidemic is highly uncertain and subject to change.