Management Discussion & Analysis

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

The Humboldt Area Foundation + Wild Rivers Community Foundation is two years into a decade-long strategic plan with the vision of a thriving, just, healthy, and equitable future for all generations and communities in our remarkable region. Our service area includes Humboldt, Del Norte, Trinity, and Curry counties, and 18 Indigenous peoples and the federally and non-federally recognized nations that represent them. We are supported in this work by the remarkable community we serve, as well as our Board of Directors, national and statewide philanthropic partners, and generous local donors.

In the 2022-2023 fiscal year, we levied this support into helping communities disproportionately impacted by systemic poverty and inequity, supporting communities and families threatened by natural disasters, and investing in projects, programs and research that will provide community benefit for many years to come. Last year, the Foundation distributed $8.5 million in grants, over $900k in scholarships, and countless hours of technical assistance, advocacy, and convening.

We were 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 Climate & Community Resilience Hub (CORE Hub) and other programs. These powerful community-based partnerships deliver resources to our region's places, purposes, and peoples.

Our service region is located on unceded lands of many Indigenous peoples, and its survivors are among the most populous and active culture bearers for reviving Indigenous 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 shared their traditions.

We are also grateful for our strong 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.

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.

Major Accomplishments in Fiscal Year 2023

Disaster Response & Resilience

The Disaster Response & Resilience Fund (DRRF) was created in 2020 to help communities respond to, recover from, and make communities more resilient to public health crises and natural disasters. DRRF grants are made to eligible nonprofit agencies, public benefit organizations (schools, government agencies, federally recognized Tribes, etc.), charitable organizations and groups working with a qualified fiscal sponsor. Because of long-term planning, HAF+WRCF and its community partners, funders and donors were able to respond immediately to earthquakes, wildfires and other disasters that occurred in Humboldt, Trinity, Curry and Del Norte counties in 2022-23. Additionally, we were able to support the Karuk Tribe, in Siskiyou County, that was responding to and recovering from wildfires and adverse storm events on overlapping Tribal lands.

On December 20, 2022, Humboldt County was hit with a magnitude 6.4 earthquake. Named the "Ferndale earthquake," this temblor, along with a massive aftershock on New Year's Day, inflicted severe structural and infrastructure damage to the city of Rio Dell and the surrounding Eel River Valley communities. Our Community Response Team (CRT) immediately went to work making emergency grants to the volunteer fire department and other non-profits and agencies assisting residents affected by the disaster.

Donations from donors and philanthropic partners poured into the DRRF to help our community respond to the earthquake damage and coinciding severe winter storm events. By March 2023, HAF+WRCF announced that $1.2 million was set aside to assist with long-term disaster recovery process—the same time that the Federal Emergency Management Agency (FEMA) declined to make a disaster declaration for the Ferndale-based earthquake. Thanks to generous donors and philanthropic partners, the Foundation has been able to support important partnerships to bolster residents affected by regional disasters.

Redwood Region Climate & Community Resilience (CORE) Hub

The 2022-23 fiscal year was a time of great growth and impact for the Redwood Region Climate & Community Resilience Hub (CORE Hub), a new program incubated by HAF+WRCF. The CORE Hub has made major strides in convening diverse communities and representatives, and marshaling their power for public policies that will advance climate resilience, social equity, sustainable economic development, and meaningful Tribal and community engagement.

In 2022, regional partners and community members convened by the CORE Hub advocated for the U.S. Bureau of Ocean Energy and Management (BOEM) to incorporate unprecedented revenue-sharing with offshore wind host communities. The CORE Hub pulled together public comments from five Tribal Nations, 12 representatives of community organizations and institutions, and six representatives of local governments, districts and agencies. The process culminated in December

2022, when the BOEM responded to the CORE Hub's advocacy by incorporating 5% bid credits for a community benefits agreement with fisheries users, 5% for a general community benefits agreement, and 20% for workforce and domestic supply chain investments, into its ocean leases with RWE Offshore Wind Holdings and Copenhagen Infrastructure Partners/California North Floating/Vineyard Wind.

Throughout 2022, the CORE Hub actively participated in the California Energy Commission's Offshore Wind Energy Development and gigawatt planning processes, as well as engaged with the offices of California Senator Mike McGuire and Assemblymember Jim Wood to share our vision and recommendations for developing offshore wind on the North Coast in a sustainable way. In May 2023, a CORE Hub delegation visited Washington D.C. to meet with leading White House officials on President Biden's climate and infrastructure agenda, federal agencies like the U.S. Treasury and other issue experts and thought leaders to encourage innovative models of community benefits, Tribal leadership, and place-based climate policies.

In July and August 2023, the CORE Hub quickly mobilized around the California Environmental Quality Act (CEQA) review process of the offshore wind marine terminal. The CORE Hub organized dozens of meetings, hosted two spokesperson training sessions, organized turnout and testimony at the Humboldt Bay Harbor District's public meeting, and submitted unified official public comments. The key messages expressed and elevated during these activities were the need for community benefits and commitments such as a clean, zero-emissions wind terminal by 2030, protections to minimize harms to Tribal, commercial and recreational fisheries, environmental safeguards and monitoring, investments in good jobs, training programs, educational opportunities and local and targeted hiring of marginalized workers, and funds as well as commitments to address vital community infrastructure needs and to provide meaningful Tribal economic benefits.

The CORE Hub also offered support, grants, and technical assistance to Indigenous leaders including the Yurok Tribe to advocate for several specific community benefits and protections to prevent sexual violence, human trafficking, and other community safety risks stemming from offshore wind development that could worsen the crisis of Missing and Murdered Indigenous People (MMIP).

Just Economy and Economic Development

HAF+WRCF is dedicated to fostering community and economic development strategies that create opportunities for people to lead dignified, productive and creative lives free of poverty and exploitation.

In 2023, HAF+WRCF's Just Economy team advised the North Coast Small Business Development Center (SBDC) and its allies, Black Humboldt and Centro del Pueblo, as they developed a Thriving BIPOC Entrepreneurship Program. The three-part program comprises a survey, a focus group, and a learning program. The survey's 47 questions called on local entrepreneurs to share detailed reflections on their family economic history and lives, business goals and needs, and an honest assessment of what it's like to be a BIPOC business owner in this region. This was used as a departure point for discussion during August's "Let's Keep it Real" BIPOC business focus group brunch. These built up to a fall group coaching and skill building program offered through the North Coast SBDC, a critical offering given how much of the region's economy is supported through small, independently owned businesses.

HAF+WRCF and our regional community development financing leader, Arcata Economic Development Corporation (AEDC, which serves six counties), are leveraging a major grant from The California Endowment to increase public resources to address complex community challenges and build regional partnerships in Humboldt, Del Norte, and Trinity counties. This capacity building work is being done through a lens of racial equity, with a focus on climate resilience and economic justice. Thanks to this project, AEDC secured $5 million through the California Community Economic Resilience Fund (CERF) and $500,000 from the national CDFI Equitable Recovery Program for our region. AEDC's Executive Director continues to participate in the California Small Business Coalition for Racial Justice, which supports community lenders who wish to prioritize racial justice in lending and advocacy.

Native Land Acknowledgement Statement

HAF+WRCF Service Region includes the unceded lands of many Indigenous peoples.

1. Chetco
2. Chilula
3. Chimariko
4. Coquille
5. Hupa
6. Karuk
7. Lassik
8. Nomlaki
9. Nongatl
10. Sinkyone
11. Tolowa
12. Tsnungwe
13. Tututni
14. Wailaki
15. Whilkut
16. Wintu
17. Wiyot
18. Yurok

We share a deep gratitude and respect for our Indigenous communities. We acknowledge these 18 Indigenous peoples and the federally and non-federally recognized nations that represent them.
As part of our commitment to taking action with our land acknowledgement, and in recognition that our properties sit on the unceded homelands of the Tolowa and Wiyot peoples, HAF+WRCF pays a voluntary honor tax to the Tolowa Dee-ni' Nation and the Wiyot Honor Tax Fund.
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:

HUMBOLDT AREA FOUNDATION

Wild Rivers COMMUNITY FOUNDATION

Humboldt Area Foundation

Consolidated Financial Statements

June 30, 2023

With Summary Comparative Information for

June 30, 2022

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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, 2023, 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, 2023, 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, 2022, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California
February 14, 2024

HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	June 30,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,717,030	$ 7,444,920
Unconditional promises to give, net	1,101,275	1,986,718
Accounts receivable	37,279	--
Note receivable, current portion	8,694	--
Investments	149,369,430	139,000,274
Mission-related investments	2,330,740	2,097,398
Prepaid expenses and other current assets	92,753	92,960
	161,657,201	150,622,270
PROPERTY AND EQUIPMENT, NET	4,003,458	4,103,057
NON-CURRENT ASSETS		
Note receivable, net of current portion	12,288	--
TOTAL ASSETS	$ 165,672,947	$ 154,725,327
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 255,255	$ 316,834
Accrued employee related expenses	441,373	355,742
Grants payable	1,147,190	958,498
Agency pass-through funds	34,900,016	31,981,236
Obligations under split-interest agreements	1,710,905	1,792,467
COMMITMENTS (NOTE 14)		
TOTAL LIABILITIES	38,454,739	35,404,777
NET ASSETS		
Without donor restrictions	116,092,653	109,791,355
With donor restrictions	11,125,555	9,529,195
TOTAL NET ASSETS	127,218,208	119,320,550
TOTAL LIABILITIES AND NET ASSETS	$ 165,672,947	$ 154,725,327

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, 2023
WITH SUMMARY COMPARATIVE INFORMATION FOR JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	June 30, 2023	June 30, 2022
REVENUE AND SUPPORT				
Contributions	$ 3,271,184	$ --	$ 3,271,184	$ 7,714,827
Grants	4,440,096	3,123,657	7,563,753	6,239,416
Investment income, net	12,260,673	11,092	12,271,765	(19,377,647)
Administrative fee income	307,140	--	307,140	334,249
Workshops and other income	99,934	--	99,934	37,855
Rental income	50,800	--	50,800	54,966
Change in value of split-interest agreements	--	110,813	110,813	(553,341)
Gain on sale of property	--	--	--	5,000
Net assets released from restrictions	1,649,202	(1,649,202)	--	--
TOTAL REVENUE AND SUPPORT	22,079,029	1,596,360	23,675,389	(5,544,675)
EXPENSES				
Programs and grants	12,850,686	--	12,850,686	11,690,359
Supporting services:				
Administration and general	1,583,889	--	1,583,889	1,406,240
Fundraising and development	1,343,156	--	1,343,156	1,232,031
TOTAL EXPENSES	15,777,731	--	15,777,731	14,328,630
CHANGE IN NET ASSETS	6,301,298	1,596,360	7,897,658	(19,873,305)
NET ASSETS AT BEGINNING OF YEAR	109,791,355	9,529,195	119,320,550	139,193,855
NET ASSETS AT END OF YEAR	$ 116,092,653	$ 11,125,555	$ 127,218,208	$ 119,320,550

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, 2023
WITH SUMMARY COMPARATIVE INFORMATION FOR JUNE 30, 2022

	Programs and Grants	Administration and General	Fundraising and Development	June 30, 2023	June 30, 2022
PERSONNEL EXPENSES					
Salaries and wages	$ 1,809,121	$ 808,602	$ 773,901	$ 3,391,624	$ 2,791,044
Employee benefits and taxes	585,735	276,139	244,622	1,106,496	805,596
TOTAL PERSONNEL EXPENSES	2,394,856	1,084,741	1,018,523	4,498,120	3,596,640
OTHER EXPENSES					
Grants and assistance	8,548,365	--	--	8,548,365	9,063,358
Bank and merchant fees	--	12,449	--	12,449	11,253
Community convening, conferences and meetings	607,440	3,692	20,488	631,620	279,782
Depreciation	49,455	36,720	13,423	99,598	113,220
Equipment and rentals	8,827	8,241	3,012	20,080	15,694
Information technology	90,925	123,528	45,155	259,608	207,775
Insurance	5,319	36,999	2,428	44,746	51,944
Professional services:					
Accounting	--	48,030	--	48,030	48,850
Legal	--	67,408	--	67,408	13,108
Other professional services	601,206	8,970	3,278	613,454	400,673
Occupancy	93,329	56,187	20,539	170,055	159,770
Office expenses	42,335	73,112	26,724	142,171	147,080
Outreach, promotion and development	306,674	14,252	182,918	503,844	167,422
Repairs and maintenance	67,044	--	--	67,044	10,963
Travel	33,549	7,057	6,278	46,884	12,620
Other expenses	1,362	2,503	390	4,255	28,478
TOTAL OTHER EXPENSES	10,455,830	499,148	324,633	11,279,611	10,731,990
TOTAL EXPENSES	$ 12,850,686	$ 1,583,889	$ 1,343,156	$ 15,777,731	$ 14,328,630

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, 2023 AND 2022

	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,897,658	$(19,873,305)
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	(325,705)	552,001
Donated securities	(272,976)	(4,419,629)
Realized and unrealized (gains) losses on investments	(13,477,798)	29,345,186
Contributions restricted for investment in perpetuity	(11,092)	(14,782)
Loss on disposal of property and equipment	--	255,656
Depreciation	99,599	113,220
Paycheck Protection Program (PPP) loan forgiveness	--	(565,487)
Change in actuarial annuity liability	126,051	(362,193)
Change in operating assets and liabilities:		
Unconditional promises to give	1,211,148	(1,711,838)
Accounts receivable	(37,279)	--
Note receivable	(20,982)	--
Prepaid expenses and other current assets	207	(32,723)
Accounts payable and accrued expenses	(61,580)	106,352
Accrued employee related expenses	85,632	87,765
Grants payable	188,692	(54,296)
Agency pass-through funds	2,918,779	(4,361,739)
Obligations under split-interest agreements	(207,611)	625,185
Net Cash Used In Operating Activities	(1,887,258)	(310,627)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	149,660,710	36,743,252
Purchases of investments	(146,279,092)	(34,858,049)
Proceeds from repayments on mission-related investments	96,658	186,667
Disbursements on mission-related investments	(330,000)	(292,000)
Proceeds from disposal of assets	--	5,000
Purchases of property and equipment	--	(8,208)
Net Cash Provided By Investing Activities	3,148,276	1,776,662
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investments	11,092	14,782
Net Cash Provided By Financing Activities	11,092	14,782
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,272,110	1,480,817
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,444,920	5,964,103
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,717,030	$ 7,444,920

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, 2023
WITH SUMMARY COMPARATIVE INFORMATION FOR 2022

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. Our service region includes the unceded lands of many Indigenous peoples. The Foundation honors the territories of 18 Indigenous peoples. We share deep gratitude and respect for our Indigenous communities, the federally and non-federally recognized nations that represent them. This service area represents remote, rural, and tribal areas that are bound together by land, water, history, and circumstance. This 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 we are entrusted to serve.

This region is defined in numerous ways that our 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 region is stitched together by these bodies of water and are linked to the Pacific. These bodies are sacred, wild, scenic, and recreational. They are the basis of life here, 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, they recognize that the institution and others like it must reconcile the legacy of systematic genocide and ongoing harm to our Indigenous peoples before honest healing can occur. Immigrants brought their cultures and dreams here — and yet were 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 region 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 Foundation's 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 these skills, ideas, and interests to ensure that our economy serves our people in a just and equitable way and provides for each family's thriving, health, and inspiration.

During the last fiscal year, the Foundation distributed $8.5 million in grants, including nearly 500 scholarships; and managed $2.3 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.

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 now referred to 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.

NOTE 1 – Organization *(continued)*

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.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation, the LLC, 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, 2022, from which the summarized information was derived.

Cash and Cash Equivalents

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

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

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.

Accounts Receivable

Accounts receivable consists primarily of amounts due from workshop income and other receivables and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectable.

Note Receivable

Note receivable consists of amounts due from a community member that was transferred to the Foundation as part of being named the beneficiary of an estate. The note receivable is secured by real property.

Investments

Investments are stated at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at fair value in the consolidated statement of financial position, and the changes in fair value are reported as investment income in the consolidated 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 consolidated statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

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.

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

Investments (continued)

The three 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 85.2 percent in equities, 9.6 percent in fixed income, 4.6 percent in the private credit. and .6 percent in private real estate.

The Foundation previously had a fourth fund, the socially responsible pool, that was focused on investments that address climate change, sustainability, and other social issues, and maintain good governance practices. The Socially Responsible Pool was rolled into the Long-Term Pool during the fiscal year ended June 30, 2023 and the asset allocation on the Long-Term Pool was updated. This new Long-Term Mission Aligned Pool took on many of the focuses of the Socially Responsible Pool and further implements Mission Alignment of our entire investment portfolio by using investment screens, mission-related tilts, and shareholder engagement.

Property and Equipment

The Foundation's policy is to capitalize asset additions over $10,000. 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, totaling $120,000. There were no conditional grants outstanding at June 30, 2023.

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 net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported on the consolidated 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.

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 $272,976 and $4,419,629 for the fiscal years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 was $503,844 and $167,422, 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 organization 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, 2022 and 2023, 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, 2023 and 2022 totaled $3,728,676 and $3,655,489, 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 management 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. The Foundation contracts with Angeles Investment Advisors to act as the Outsourced Chief Investment Office (OCIO) for the Mission Aligned Long-Term Pool and the Mid-Term Pool.

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

Accounting Pronouncements Adopted

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 became effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021.

Subsequent Events

The Foundation has evaluated subsequent events through February 14, 2024, which was the date these consolidated financial statements were available to be issued for the fiscal year ended June 30, 2023, 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:

	2023	2022
Cash and cash equivalents	$ 8,717,030	$ 7,444,920
Unconditional promises to give, net	1,101,275	1,986,718
Accounts receivable	37,279	--
Note receivable, current portion	8,694	--
Investments	149,369,430	139,000,274
Total financial assets	159,233,708	148,431,912
Less: amounts unavailable for general expenditures within one-year, as a result of:		
Donor restrictions:		
Funds subject to time or purpose restrictions	(5,087,757)	(3,452,760)
Endowments	(5,746,118)	(5,735,026)
Investments in property and equipment, net	(291,680)	(341,409)
	(11,125,555)	(9,529,195)
Board-designated funds:		
Operating reserves	(1,175,124)	(1,101,407)
Investment in property and equipment, net	(3,711,778)	(3,761,648)
	(4,886,902)	(4,863,055)
Investments measured at NAV	(11,660,531)	(6,825,374)
Investments held for agency pass-through funds	(31,923,045)	(29,253,237)
Unconditional promises to give, net, due in more than one year	--	(21,465)
	(43,583,576)	(36,100,076)
Financial assets available to meet cash needs for general expenditures within one year	$ 99,637,675	$ 97,939,586

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 mission aligned pool, the medium-term pool or the short-term fixed income pool. The long-term mission aligned pool typically maintains $150,000 - $350,000 in cash for grant-making purposes. This amount may be exceeded during periods of high grant-making activity when grantmaking instructs finance of the need for additional cash. Excess (beyond two week's need) grant cash in the checking accounts is moved to a linked FDIC Insured Cash Sweep (ICS) account. Over 90% of the Foundation's long-term mission aligned pool is held in publicly traded securities which can be readily liquidated when needed.

The medium-term pool typically maintains $150,000 - $350,000 in cash for grant-making purposes. 100% of the Foundation's medium-term pool is held in publicly traded securities which can be readily liquidated when needed.

The short-term fixed income pool is held in money market, interest earning savings, and checking accounts. The short-term fixed income pool also utilizes a linked FDIC Insured Cash Sweep (ICS) account to maintain account balances under the FDIC $250,000 limit.

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, 2023 and 2022, an additional $82,692,844 and $82,679,903, 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 $16,944,831 and $15,259,683, 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 $1,175,124 and $1,101,407 as of June 30, 2023 and 2022, respectively.

NOTE 4 – Unconditional Promises to Give

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

	2023	2022
Amounts expected in less than one year	$ 1,954,975	$ 3,017,806
Amounts expected in one to five years	--	--
Amounts expected in more than five years	--	148,317
	1,954,975	3,166,123
Less: discount to net present value	--	(15,614)
Less: allowance for uncollectible amounts	(853,700)	(1,163,791)
Total	$ 1,101,275	$ 1,986,718

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, 2023 and 2022.

NOTE 5 – Accounts Receivable

Accounts receivable are summarized as follows for the fiscal years ended June 30:

	2023	2022
Amounts expected in less than one year	$ 37,279	$ --

There was no bad debt expense or allowance for doubtful accounts deemed necessary by management at June 30, 2023.

NOTE 6 – Notes Receivable

Notes receivable are summarized as follows for the fiscal years ended June 30:

	2023	2022
Amounts expected in less than one year	$ 8,694	$ --
Amounts expected in one to five years	12,288	--
Total	$ 20,982	$ --

NOTE 7 – Fair Value Measurements and Disclosures

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

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

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

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

NOTE 7 – 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, 2023:

		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				
ETF's & CEF's	$ 19,783,402	$ 19,783,402	$ --	$ --
Global equity funds	72,851,568	72,851,568	--	--
Mutual funds	43,890,237	43,890,237	--	--
REIT's	1,117,349	--	1,117,349	--
Other assets	66,343	--	66,343	--
Regional mission-related investment	2,330,740	2,330,740	--	--
	140,039,639	$ 138,855,947	$ 1,183,692	$ --
Investments at NAV	11,660,531			
Total	$ 151,700,170			
LIABILITIES				
Agency pass-through funds	$ 34,900,016	$ --	$ --	$ 34,900,016

NOTE 7 – 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, 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	--	--
EFT'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

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

	2023	2022
Fair value, beginning of the year	$ 31,981,236	$ 36,342,975
Additions to the funds	1,481,694	2,125,335
Investment income, net	3,607,575	(5,531,485)
Management fees	(263,383)	(285,813)
Expenses	(37,754)	(34,408)
Withdrawal of funds by agency	(1,869,352)	(635,368)
Fair value, end of the year	$ 34,900,016	$ 31,981,236

NOTE 7 – 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, 2023:

Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private credit fund	(a)	7,097,066	6,115,250	Liquidate	n/a
Private equity fund	(b)	5,010	20,000	Liquidate	n/a
Direct equity fund	(c)	861,574	95,118	Liquidate	n/a
Private markets	(d)	2,815,513	6,128,975	Liquidate	n/a
Real assets fund	(e)	881,368	2,417,528	Liquidate	n/a
Total		$11,660,531	$ 14,776,871		

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
Private credit fund	(a)	6,817,003	10,000,051	Liquidate	7 days
Private equity fund	(b)	8,371	20,000	Liquidate	n/a
Total		$ 6,825,374	$ 10,020,051		

(a) The Angeles Private Credit Fund investment objective is to achieve attractive risk-adjusted returns by primarily pursuing credit-oriented investment strategies. The Fund expects to invest in private and public debt, stressed or distressed debt and public or private equity. The Fund is permitted to make investments in independent investment funds or accounts ("Portfolio Funds") advised by investment managers ("Portfolio Managers") and/or by making direct co-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, 2023 and 2022, there were $6,115,250 and $10,000,051 in unfunded commitments, respectively.

NOTE 7 – Fair Value Measurements and Disclosures *(continued)*

(b) 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, 2023 and 2022, there was $20,000 in unfunded commitments.

(c) The Angeles Direct Equity Fund investment objective is to achieve attractive returns by pursuing co-investments (Co-Investments) or direct investments (Direct Investments) in equity, debt, real estate or real assets (collectively, the Investments) sourced directly by the Investment Manager (as defined below) or through managers where the Investment Manager has an existing relationship (Portfolio Managers).The Fund expects the Investments will include, but will not be limited to, distressed, turnaround and special situations, buyouts, growth equity and venture capital. The Fund expects to invest in companies which the Investment Manager believes has long term growth trends primarily in growth equity and buyout opportunities, but may opportunistically invest in venture-stage or any other private company. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the Fund. As of June 30, 2023, there was $95,118 in unfunded commitments. There were no unfunded commitments as of June 30, 2022, as the fund was not in place.

(d) The Angeles Private Markets investment objective is to achieve attractive risk-adjusted returns by primarily investing in private equity strategies including, but not limited to, distressed, turnaround and special situations, buyouts, growth equity and venture capital. The Fund will pursue these strategies by investing in independent investment funds or accounts (Portfolio Funds) advised by investment managers (Portfolio Managers). These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the Fund. As of June 30, 2023, there was $6,128,975 in unfunded commitments. There were no unfunded commitments as of June 30, 2022, as the fund was not in place.

(e) The Angeles Real Assets Fund investment objective is to achieve attractive risk-adjusted returns by primarily investing in real estate and real assets strategies, including, but not limited to, real estate assets, infrastructure and natural resources projects. The Fund will pursue these strategies by investing in independent investment funds or accounts (Portfolio Funds) advised by investment managers (Portfolio Managers). These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the Fund. As of June 30, 2023, there was $2,417,528 in unfunded commitments. There were no unfunded commitments as of June 30, 2022, as the fund was not in place.

NOTE 8 – 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, 2023 and 2022, up to approximately $5,082,171 and $5,140,000, respectively, was available for local investments; $2,330,740 and $2,097,398, respectively, was outstanding.

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

	2023	2022
Northern California Indian Development Council	$ 309,613	$ 328,871
Hoopa Tribe	818,966	845,870
Humboldt NeuroHealth	280,459	287,159
City of Blue Lake Town Center	191,838	195,344
Business Resilience Loans	86,317	124,566
Eureka Theatre	225,000	225,000
Resident Owned Parks	88,547	90,588
Dell' Arte	330,000	--
Total	$ 2,330,740	$ 2,097,398

During the fiscal year ended June 30, 2022, the Foundation purchased eight Payroll 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 years ended June 30, 2023 and 2022, the loans were $2,427,398 and $2,284,065 respectively. Management has determined that an allowance for uncollectible loans was not considered necessary at June 30, 2023 or 2022.

NOTE 9 – 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.

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.

NOTE 9 – Endowment *(continued)*

The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is approximately 7.5 percent in June 30, 2023, and 6.3 percent in June 30, 2022, 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, 2023, 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.

The Foundation's endowment funds, by net asset classification, were as follows as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ 1,206,347	$ 5,746,118	$ 6,952,465

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

NOTE 10 – 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.

NOTE 10 – Property and Equipment *(continued)*

Property and equipment are summarized as follows as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Building and improvements	$ 2,978,544	$ 345,600	$ 3,324,144
Furniture and equipment	105,700	--	105,700
Vehicles	26,610	--	26,610
	3,110,854	345,600	3,456,454
Less accumulated depreciation	(1,337,532)	(241,920)	(1,579,452)
Land	1,938,456	188,000	2,126,456
Total	$ 3,711,778	$ 291,680	$ 4,003,458

Property and equipment are summarized as follows 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

Depreciation expense for the fiscal years ended June 30, 2023 and 2022, was $99,598 and $113,220, respectively.

NOTE 11 – 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,	
2024	$ 1,116,190
2025	18,000
2026	13,000
Total	$ 1,147,190

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

NOTE 12 – 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), provided 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 consolidated statement of activities during the fiscal year forgiven.

While the Foundation currently believes that the loan forgiveness was based on meeting the eligibility criteria, the Small Business Administration (SBA) reserves the right to re-review the loan 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 13 – 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 consolidated 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 years ended June 30:

	2023	2022
Beginning balance	$ 2,649,098	$ 2,771,548
Contributions	--	796,071
Investment income, net	289,136	(466,499)
Final distributions	--	(170,884)
Management fees	(43,757)	(48,438)
Beneficiary distributions	(207,612)	(224,254)
Expenses	(8,191)	(8,446)
Ending Balance	$ 2,678,674	$ 2,649,098

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 $1,710,905 and $1,792,467 for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTE 14 – 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 7 years.

NOTE 15 – 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:

	2023	2022
Operating reserve	$ 1,007,569	$ 933,022
Strategic programs reserve	49,021	41,916
Technology reserve	97,613	110,916
Deferred maintenance reserve	20,921	15,553
Total	$ 1,175,124	$ 1,101,407

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

	2023	2022
Board-designated		
Operating reserves	$ 1,175,124	$ 1,101,407
For investment in property and equipment	3,711,778	3,761,648
Total Board-designated	4,886,902	4,863,055
Undesignated	111,205,751	104,928,300
Total	$ 116,092,653	$ 109,791,355

NOTE 15 – Net Assets *(continued)*

Net Assets with Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Programmatic activities	$ 4,119,038	$ 2,637,721
Restricted property	291,680	300,320
Subject to the passage of time:		
Assets held under split-interest agreements, net	967,767	855,176
Perpetual in nature, the earnings from which are subject to spending policies or appropriation:		
Endowed assets formerly held in trust	5,746,117	5,735,025
Annuity	953	953
Total	$ 11,125,555	$ 9,529,195

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

	2023	2022
Satisfaction of purpose restrictions:		
Programmatic activities	$ 1,640,562	$ 1,727,158
Distributions (proceeds were not restricted by donors):		
Assets held under split-interest agreements	--	170,884
Restricted property	8,640	11,471
Total	$ 1,649,202	$ 1,909,513

NOTE 16 – Concentrations

For the fiscal years ended June 30, 2023 and 2022, two estates and three estates constituted 80% and 37% of net unconditional promises to give, respectively.

For the fiscal year ended June 30, 2023, three donors constituted 80% of contribution revenue. There were no donor concentrations for the fiscal year ended June 30, 2022.

NOTE 17 – 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, 2023 and 2022 were $241,793 and $197,988, respectively.

NOTE 18 – Functional Expenses

The costs of programs and grants and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated 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 rentals, information technology, insurance, other professional services, occupancy, office expenses, outreach, promotion, and development, travel, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 19 – 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 20 – Statements of Cash Flow Supplemental Disclosures

For the fiscal years ended June 30:

	2023	2022
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	$ 272,976	$ 4,419,629
Noncash financing transactions	$ NONE	$ 565,487