



Management Discussion & Analysis

Mission and Values

The Humboldt Area Foundation + Wild Rivers Community Foundation serves the residents of Humboldt, Del Norte and Trinity counties in California and Curry County in Oregon, including the region's Tribal Nations and historically indigenous territories. Our mission is to promote and encourage generosity, leadership and inclusion to strengthen our communities. 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.

Our work is guided by five key perennial values:

1. We seek to reduce economic, social, health, and environmental vulnerabilities that disproportionately impact underserved communities.
2. We are active in promotion of racial equity. We recognize that people of color possess unique knowledge, assets, and experiences that can elevate us all.
3. We will be adaptable and responsive leaders, addressing both urgent and systematic issues that affect our region.
4. We will partner and collaborate to increase impact, share resources and responsibility, build capacity, and diversify understanding.
5. We bring our region's cultures and communities together in a spirit of learning, empathy, and connection. We empower local knowledge and invest in our community's solutions.

Commitment and Impact

Since 1972, the Foundation has distributed a total of \$136 million to support our rural communities. This work would not be possible without our family of affiliates and supporting organizations: the Native Cultures Fund, Humboldt Health Foundation, Klamath River Fund, Trinity Trust, Redwood Region Climate & Community Resilience Hub (CORE Hub) and other programs. These powerful community-based partnerships deliver resources to our region's diverse places, purposes, and peoples.

In the 2024-2025 fiscal year, HAF+WRCF distributed \$12.5 million in grants and more than \$900k in scholarships. This grant total includes the appraised value (\$3.6 million) of a 240-acre ranch, the ownership of which was transferred to the Blue Lake Rancheria Tribe (BLR) in March. The Leavey Ranch was left to the Foundation by Joseph "Jim" Leavey Jr. after his passing in 2011 with the intent to support agriculture, ecological preservation, and education. The Tribe was chosen as the next steward of the property following a rigorous Request for Proposal process to ensure the selection was based on merit and aligned with donor intent.

In keeping with Jim Leavey's vision, the Tribe committed to protecting the property's ecological and cultural significance and prohibiting non-agricultural commercial development. The property has been integrated into BLR's Food Sovereignty Program, which produces traditional and fresh foods for elders, children and underserved communities. BLR has also partnered with local educational institutions for ongoing research and ecological monitoring, and has plans to implement carbon sequestration, agroforestry, and Indigenous land management practices.

"The Rancheria and HAF+WRCF have shared goals and values, particularly in their desire to strengthen food sovereignty and disaster resilience, to restore Indigenous ownership, access, and management of land, and to include the input and leadership of community partners. We look forward to seeing what comes next," said Sara Dronkers, the Foundation's CEO.

Vision, Goals and Progress

Our vision is of a thriving, just, healthy and equitable region. In 2021, we embarked on a 10-year strategic plan developed through deep listening to our communities. Four goal areas organize and guide our efforts, partnerships, and resources: Racial Equity, Thriving Youth & Families, Healthy Ecosystems & Environments, and a Just Economy.

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.

In the 2024-2025 fiscal year, HAF+WRCF launched its Just Futures Grant Program, which is designed to amplify the perspectives and leadership of those with racially diverse identities and to elevate organizations that support Black, Indigenous and People of Color (BIPOC) communities through our region by providing general operating support.

One recipient was Aunties on the River (AOTR), an Indigenous doula collective. Comprised of Native aunties with deep familial ties to the rivers of Northern California, AOTR addresses a critical need for Indigenous-focused birthing care. They provide full-spectrum doula care, kinship support circles, grief support, and postpartum support, with a strong emphasis on nourishing traditional foods and community connections.

“This funding will support our capacity as an organization to honor some of the time and commitment our Collective dedicates to serving our local Native birthing families, strengthening our infrastructure as we grow. Having the flexibility of this type of funding helps ensure that birthing families have access to the quality of care they deserve,” said Danielle Reed, Director of Operations for AOTR.

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.

Through our Thriving Together Program, we had the honor of facilitating support to organizations tackling challenges many families face, including youth mental health, lack of family resources and food insecurity. The creation of the Thriving Together Program resulted from aligning the Foundation’s discretionary resources with donors’ expressed intent to support families in the region, while listening closely to the needs of the community.

This year the Del Norte and Tribal Lands Food Council received Foundation funding to support an initiative advancing upstream food security, nutrition education, and healthy food access for at-risk youth and low-income families. This project helped expand Downtown Crescent City Farmers Market programs, including securing market match dollars for WIC participants and delivering the Power of Produce (POP) Club. The Market also partners with the Del Norte Unified School District through the Seamless Summer Meals program, offering free bagged school breakfast and lunches to market participants under 18.

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.

Removal of the lower four Klamath River dams is the centerpiece of the world’s largest salmon restoration project. Despite the enormous benefits of dam removal, many more restoration actions are

necessary to take full advantage of the opportunity to recover fisheries, improve water quality, and benefit the Basin's diverse rural communities. The Klamath River Fund, established in 2024, was created to support these community-led efforts throughout the watershed.

Over the last year, the Klamath River Fund supported community efforts with more than \$1.57 million in grants and sponsorships, including a general operating grant awarded to Save California Salmon (SCS). This grant will help the organization expand its work with Klamath River Communities as they address climate change, restore and reconnect watersheds and lands, advocate for land return, host community youth events and field trips, and train and mentor Native youth and families to create policy change.

"We focus on fighting for a healthy environment and empowering education systems, because they are related," said Regina Chichizola, Executive Director of SCS. "Our families and youth are responsible for fixing a world they did not damage and fighting harmful projects that will not benefit them. This is why it is exciting to have an example to share of what communities can accomplish when they work together across generations and divides."

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.

The Foundation's Mission Lending program continues to be a powerful tool for advancing equity, sustainability, and economic opportunity across our region. Through flexible, values-aligned local loans, the Foundation supports projects that deliver both financial and social returns, strengthening communities while fostering long-term sustainability.

Since 2013, HAF+WRCF has deployed over \$11.3 million in mission loans to Tribal nations, nonprofits, municipalities, and local enterprises. Notable projects funded in 2025 include K'ima:w Medical Center, which will expand healthcare access in Hoopa, and Life Plan Humboldt, a resident-led senior living community designed to meet local needs with dignity and sustainability. The Foundation is honored to help support the launch of these projects, which should be completed in the next 5 years. Our experience has proven the efficacy of this program: Prior mission lending in Southern Humboldt helped SoHum Health provide critical rural health care services, while the Hoopa Shopping Center has revitalized local commerce and created jobs in one of California's largest Tribal communities.

To date, the Foundation has issued over 50 loans, with an average interest rate of 3.75%. As of June 2025, \$3.25 million remained available for deployment, offering continued opportunities for community-led initiatives to access capital.

Native Land Acknowledgement Statement

Native Land Acknowledgement

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

Chetco	Sinkyone
Chilula	Tolowa
Chimariko	Tsnungwe
Coquille	Tututni
Hupa	Wailaki
Karuk	Whilkut
Lassik	Wintu
Nomlaki	Wiyot
Nongatl	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

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

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





HUMBOLDT AREA
FOUNDATION



Humboldt Area Foundation

Consolidated Financial Statements

June 30, 2025

With Summary Comparative Information for

June 30, 2024

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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, 2025, 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, 2025, 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, 2024, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 12, 2025. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California
February 11, 2026

**HUMBOLDT AREA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024**

	June 30,	
	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,629,275	\$ 7,952,229
Unconditional promises to give, net	1,659,200	1,254,000
Grants receivable, current portion	550,000	500,000
Accounts receivable	32,134	74,676
Note receivable, current portion	3,928	8,694
Investments	184,710,474	173,731,073
Mission-related investments	3,187,342	2,090,558
Prepaid expenses and other current assets	132,940	104,945
Assets held for distribution, net	<u> --</u>	<u>1,754,781</u>
	199,905,293	187,470,956
 PROPERTY AND EQUIPMENT, NET	 2,129,556	 2,225,984
NON-CURRENT ASSETS		
Grants receivable, net of current portion	250,000	500,000
Note receivable, net of current portion	<u> --</u>	<u>8,835</u>
	<u>250,000</u>	<u>508,835</u>
 TOTAL ASSETS	 <u>\$ 202,284,849</u>	 <u>\$ 190,205,775</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 115,472	\$ 208,868
Accrued employee related expenses	503,343	500,981
Grants payable	1,150,673	1,579,984
Agency pass-through funds	42,255,506	39,285,000
Obligations under split-interest agreements	<u>1,780,854</u>	<u>1,760,089</u>
 COMMITMENTS (NOTE 14)		
TOTAL LIABILITIES	45,805,848	43,334,922
NET ASSETS		
Without donor restrictions	135,295,198	125,104,190
With donor restrictions	<u>21,183,803</u>	<u>21,766,663</u>
TOTAL NET ASSETS	<u>156,479,001</u>	<u>146,870,853</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 202,284,849</u>	<u>\$ 190,205,775</u>

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, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30,</u>	
			<u>2025</u>	<u>2024</u>
REVENUE AND SUPPORT				
Contributions	\$ 4,235,130	\$ --	\$ 4,235,130	\$ 3,409,070
Grants	190,594	7,094,851	7,285,445	15,577,910
Investment income, net	16,509,866	16,516	16,526,382	17,110,598
Administrative fee income	360,758	--	360,758	328,777
Workshops and other income	172,500	--	172,500	205,285
Rental income	29,200	--	29,200	33,600
Change in value of split-interest agreements	--	41,679	41,679	103,615
Gain on disposition of real property	1,856,733	--	1,856,733	--
Net assets released from restrictions	<u>7,735,906</u>	<u>(7,735,906)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUE AND SUPPORT	31,090,687	(582,860)	30,507,827	36,768,855
EXPENSES				
Programs and grants	17,729,455	--	17,729,455	13,732,046
Supporting services:				
Administration and general	1,624,219	--	1,624,219	1,727,687
Fundraising and development	<u>1,546,005</u>	<u>--</u>	<u>1,546,005</u>	<u>1,656,477</u>
TOTAL EXPENSES	<u>20,899,679</u>	<u>--</u>	<u>20,899,679</u>	<u>17,116,210</u>
CHANGE IN NET ASSETS	10,191,008	(582,860)	9,608,148	19,652,645
NET ASSETS AT BEGINNING OF YEAR	<u>125,104,190</u>	<u>21,766,663</u>	<u>146,870,853</u>	<u>127,218,208</u>
NET ASSETS AT END OF YEAR	<u>\$ 135,295,198</u>	<u>\$ 21,183,803</u>	<u>\$ 156,479,001</u>	<u>\$ 146,870,853</u>

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, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024**

				<u>June 30,</u>	
	<u>Programs and Grants</u>	<u>Administration and General</u>	<u>Fundraising and Development</u>	<u>2025</u>	<u>2024</u>
PERSONNEL EXPENSES					
Salaries and wages	\$ 2,560,850	\$ 827,131	\$ 880,250	\$ 4,268,231	\$ 4,068,461
Employee benefits and taxes	<u>804,229</u>	<u>249,861</u>	<u>290,207</u>	<u>1,344,297</u>	<u>1,337,679</u>
TOTAL PERSONNEL EXPENSES	3,365,079	1,076,992	1,170,457	5,612,528	5,406,140
OTHER EXPENSES					
Grants and assistance	9,426,520	--	--	9,426,520	8,753,610
Grant - Leavey Ranch, LLC	3,648,300	--	--	3,648,300	--
Bank and merchant fees	--	12,298	--	12,298	12,749
Community convening, conferences and meetings	435,627	4,432	46,023	486,082	716,015
Depreciation	42,068	39,574	14,786	96,428	101,882
Equipment and rentals	6,992	4,982	1,861	13,835	24,228
Information technology	85,845	125,309	46,821	257,975	227,204
Insurance	13,800	48,374	4,642	66,816	52,013
Professional services:					
Accounting	--	52,190	--	52,190	48,748
Legal	43,050	28,531	--	71,581	52,677
Other professional services	220,867	581	217	221,665	808,007
Occupancy	131,081	57,818	21,602	210,501	196,500
Office expenses	48,381	66,975	25,024	140,380	145,447
Outreach, promotion and development	208,471	56,655	202,506	467,632	476,940
Repairs and maintenance	2,912	41,496	1,588	45,996	31,763
Travel	41,638	4,373	9,118	55,129	59,467
Other expenses	<u>8,824</u>	<u>3,639</u>	<u>1,360</u>	<u>13,823</u>	<u>2,820</u>
TOTAL OTHER EXPENSES	<u>14,364,376</u>	<u>547,227</u>	<u>375,548</u>	<u>15,287,151</u>	<u>11,710,070</u>
TOTAL EXPENSES	<u>\$ 17,729,455</u>	<u>\$ 1,624,219</u>	<u>\$ 1,546,005</u>	<u>\$ 20,899,679</u>	<u>\$ 17,116,210</u>

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, 2025 AND 2024**

	June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,608,148	\$ 19,652,645
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in allowance and present value discount for unconditional promises to give	408,800	207,300
Donated securities	(2,907,799)	(307,741)
Realized and unrealized gains on investments	(19,632,189)	(20,882,399)
Contributions restricted for investment in perpetuity	(16,516)	(11,110)
Depreciation	96,428	101,882
Change in actuarial annuity liability	252,675	231,649
Gain on asset held for distribution	(101,952)	--
Gain on disposition of real property	1,856,733	--
Change in operating assets and liabilities:		
Unconditional promises to give	(814,000)	(360,025)
Grants receivable	200,000	(1,000,000)
Accounts receivable	42,542	(37,397)
Note receivable	13,601	3,453
Prepaid expenses and other current assets	(27,995)	(12,192)
Accounts payable and accrued expenses	(93,396)	(46,387)
Accrued employee related expenses	2,362	59,608
Grants payable	(429,311)	432,794
Agency pass-through funds	2,970,506	4,384,984
Obligations under split-interest agreements	(<u>231,910</u>)	(<u>182,465</u>)
Net Cash (Used In) Provided By Operating Activities	(8,803,273)	2,234,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	24,023,003	19,444,924
Purchases of investments	(12,462,416)	(22,609,240)
Proceeds from repayments on mission-related investments	1,114,670	232,995
Disbursements of mission-related investments funded	(2,211,454)	--
Purchases of property and equipment	--	(<u>79,189</u>)
Net Cash Provided By (Used In) Investing Activities	10,463,803	(3,010,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investments	<u>16,516</u>	<u>11,110</u>
Net Cash Provided By Financing Activities	<u>16,516</u>	<u>11,110</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,677,046	(764,801)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,952,229</u>	<u>8,717,030</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,629,275</u>	<u>\$ 7,952,229</u>

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, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

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.

The Humboldt Area Foundation — joined in 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 for five decades. This nearly 10,000 square mile region includes remote, rural and Tribal communities bound together by land, water, history, and circumstance. It is a place that’s simultaneously beautiful and challenging, enduring and evolving, and it is home to approximately 200,000 people whom the Foundation is honored to serve.

The Foundation’s service region includes the unceded lands of many Indigenous peoples. The Foundation honors the territories of 18 Indigenous peoples and shares a deep gratitude and respect for their Indigenous communities, the federally and non-federally recognized nations that represent them. Natural beauty and unique ecosystems – particularly waterways – have defined the lives of the people who live here for centuries. The Foundation’s service area includes 492 miles of Pacific coastline, 213 lakes and more than a dozen rivers. The Klamath, the Eel, the Baduwa’t, the Chetco, the Rogue, the Mattole, the Smith, and the Sixes, are just some of the evocative names of local rivers, which connect jurisdictions and cultures, species and habitat, people and their history. These rivers help sustain their majestic redwood forests and are the spawning grounds for many species of salmon. Salmon is a traditional food source for many local Tribes, including the Yurok, Hoopa Valley, Karuk, Wiyot and Tolowa Dee-Ni’ nations.

Today, the Foundation’s service area has emerged as a hub of dairy, ranching and agricultural production — including a transitioning cannabis industry. Its largest employers are governments, nonprofits, and retail services. Nationally acclaimed art and music are produced here. Many generations of immigrants have arrived in this special place with their cultures and dreams, helping form and enrich their cuisine, music, arts, literature, philosophy, and shared identity. And thus, they reflect Hmong and Lao, Chinese, Salvadoran, Mexican, and dozens of other cultural influences. Many parts of this region are now a sanctuary for a significant number of California’s migrant and undocumented workers, working in the agriculture and service industries that feed and care for tens of millions of beings.

And while the Foundation invests in a remarkable cultural renaissance, they recognize the need for repair along with renewal. Their institution and others like it must reconcile the legacy of systematic genocide and ongoing harm to their Indigenous peoples before honest healing can occur. Boom-and-bust extractive resource cycles have also extracted more than just wealth from people and places. Their 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 their economy serves all people in a just and equitable way.

HUMBOLDT AREA FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024

NOTE 1 – Organization (continued)

During the fiscal year ended June 30, 2025, the Foundation distributed \$13.3 million in grants, including over 500 scholarships; and managed \$3.2 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.

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 note. The accompanying consolidated financial statements include all activities in those regions.

Since 2011, the Foundation has been 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. In March 2025, the Blue Lake Rancheria Tribe was chosen as the next steward of the ranch and this asset was granted to the Tribe. The accompanying consolidated financial statements include all activities of the LLC through the date of the transfer.

**HUMBOLDT AREA FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
WITH SUMMARY COMPARATIVE INFORMATION FOR 2024**

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, 2024, 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.

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.

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

Grants Receivable

Grants receivable that are expected to be collected within one year are recorded at net realizable value. Grants receivable that are expected to be collected in future fiscal years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the fiscal years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. There was \$6,667,163 of unrecognized conditional promises to give for active projects at June 30, 2025. No such conditional promises to give existed as of June 30, 2024.

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 based on historical loss information along with current and forecasted economic conditions. 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.

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

Investments (continued)

As of June 30, 2025, 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 and U.S. Treasuries 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 73 percent in equities, 10 percent in fixed income, 6 percent in the private credit, 8 percent in private equities and 3 percent in private real estate.

As of June 30, 2025, management believes that there is no risk of credit loss for Treasury bills due to their explicit guarantee by a high-quality sovereign entity and their long history of no credit losses.

Assets Held for Distribution

As of the fiscal year ended June 30, 2024, the Foundation classified the assets contained within Leavey Ranch, LLC as held for distribution on the Statement of Financial Position. These assets represent real property the Foundation intended to grant to another nonprofit organization. The assets were measured at the lower of their carrying amount or fair value less costs to distribute. Refer to Note 11 for additional information.

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.

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

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. Conditional grants outstanding were \$850,000 and \$980,000, for the fiscal years ended June 30, 2025, and 2024, respectively.

During the fiscal year ended June 30, 2024, the Foundation's Board of Directors approved a grant distributing the assets of Leavey Ranch, LLC. At that time, the grant was conditional on approval by the California Attorney General and other compliance requirements, including an appraisal to establish fair value. During the fiscal year ended June 30, 2025, all conditions were met and the Foundation recognized the grant of the assets to the Blue Lake Rancheria Tribe. Refer to Note 11 for additional information.

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 pass-through 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.

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NOTE 2 – Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

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.

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.

For the fiscal years ended June 30, 2025, and 2024, one donor and three donors constituted 22% and 71% of contribution revenue, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Donated Goods, Services and Use of Facilities

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 \$2,907,799 and \$307,741 for the fiscal years ended June 30, 2025, and 2024, 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, 2025, and 2024, 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, 2025, and 2024, was \$467,632 and \$476,940, respectively.

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 was a single-member limited liability company, wholly owned by the Foundation until March 2025. Accordingly, all activity until March 2025 was reported under the Foundation's name and Leavey Ranch, LLC assumed 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.

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

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 years ended June 30, 2025, and 2024, the Foundation has in place 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, 2025, and 2024, totaled \$5,241,224 and \$4,563,990, respectively. Credit risk associated with unconditional promises to give and grants receivable are 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.

Subsequent Events

The Foundation has evaluated subsequent events through February 11, 2026, which was the date these consolidated financial statements were available to be issued for the fiscal year ended June 30, 2025, and noted no items to disclose.

HUMBOLDT AREA FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 9,629,275	\$ 7,952,229
Unconditional promises to give, net	1,659,200	1,254,000
Grants receivable, current portion	550,000	500,000
Accounts receivable	32,134	74,676
Note receivable, current portion	3,928	8,694
Investments	<u>184,710,474</u>	<u>173,731,073</u>
Total financial assets	196,585,011	183,520,672

Less: amounts unavailable for general expenditures within one year as a result of:

Donor restrictions:

Funds subject to time or purpose restrictions	(15,135,659)	(15,726,396)
Endowments	(5,773,744)	(5,757,227)
Investments in property and equipment, net	(<u>274,400</u>)	(<u>283,040</u>)
	(21,183,803)	(21,766,663)

Board-designated funds:

Operating reserves	(1,416,174)	(1,305,679)
Investments in property and equipment, net	(<u>1,855,156</u>)	(<u>1,942,944</u>)
	(3,271,330)	(3,248,623)

Investments measured at NAV	(30,456,385)	(18,749,238)
Investments held for agency pass-through funds	(<u>38,651,111</u>)	(<u>35,933,990</u>)
	(<u>69,107,496</u>)	(<u>54,683,228</u>)

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 103,022,382</u>	<u>\$ 103,822,158</u>
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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.

**HUMBOLDT AREA FOUNDATION
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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-bearing 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, 2025, and 2024, an additional \$99,647,921 and \$98,302,141, 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 \$3,374,461 and \$5,520,017, 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 \$1,416,175 and \$1,305,679 as of June 30, 2025, and 2024, respectively.

NOTE 4 – Unconditional Promises to Give

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

	<u>2025</u>	<u>2024</u>
Amounts expected in less than one year	\$ 3,129,000	\$ 2,315,000
Less: allowance for uncollectible amounts	(1,469,800)	(1,061,000)
Total	<u>\$ 1,659,200</u>	<u>\$ 1,254,000</u>

**HUMBOLDT AREA FOUNDATION
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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 one fiscal year are discounted to net present value using a rate of 5%. At June 30, 2025, and 2024, there were no unconditional promises to give expected in greater than one fiscal year.

For the fiscal years ended June 30, 2025, and 2024, two estates constituted 81% and 86% of net unconditional promises to give, respectively.

NOTE 5 – Grants Receivable

Grants receivable are summarized as follows at June 30:

	2025	2024
Unconditional contributions expected to be collected within:		
One year	\$ 550,000	\$ 500,000
Two to five years	250,000	500,000
Total	\$ 800,000	\$ 1,000,000

There was no net present value discount deemed necessary by management at June 30, 2025, and 2024, as the discount was deemed to be immaterial to the financial statements as a whole. There was also no allowance for uncollectible grants receivable deemed necessary by management at June 30, 2025, and 2024, as all items were expected to be collected in full.

For the fiscal years ended June 30, 2025, and 2024, two donors constituted 100% of grants receivable.

NOTE 6 – Accounts Receivable

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

	2025	2024
Amounts expected in less than one year	\$ 32,134	\$ 74,676

There were no estimated credit losses deemed necessary by management at June 30, 2025, or 2024.

HUMBOLDT AREA FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – Note Receivable

The note receivable are summarized as follows at June 30:

	<u>2025</u>	<u>2024</u>
Amounts expected in less than one year	\$ 3,928	\$ 8,694
Amounts expected in one to five years	<u>--</u>	<u>8,835</u>
Total	<u>\$ 3,928</u>	<u>\$ 17,529</u>

NOTE 8 – 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.

HUMBOLDT AREA FOUNDATION
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NOTE 8 – 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, 2025:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
ASSETS				
Fixed income funds	\$ 8,206,337	\$ 8,206,337	\$ --	\$ --
ETF's & CEF's	27,353,459	27,353,459	--	--
Global equity funds	70,615,270	70,615,270	--	--
Mutual funds	47,534,835	47,534,835	--	--
Other assets	544,188	--	544,188	--
Regional mission- related investment	<u>3,187,342</u>	<u>3,187,342</u>	<u>--</u>	<u>--</u>
	157,441,431	<u>\$ 156,897,243</u>	<u>\$ 544,188</u>	<u>\$ --</u>
Investments at NAV	<u>30,456,385</u>			
Total	<u>\$ 187,897,816</u>			
LIABILITIES				
Agency pass-through funds	\$ 42,255,506	\$ --	\$ --	\$ 42,255,506

HUMBOLDT AREA FOUNDATION
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NOTE 8 – 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, 2024:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
ASSETS				
Fixed income funds	\$ 9,881,042	\$ 9,881,042	\$ --	\$ --
ETF's & CEF's	31,159,632	31,159,632	--	--
Global equity funds	73,306,581	73,306,581	--	--
Mutual funds	40,197,264	40,197,264	--	--
Other assets	437,315	--	437,315	--
Regional mission- related investment	<u>2,090,558</u>	<u>2,090,558</u>	<u>--</u>	<u>--</u>
	157,072,392	<u>\$ 156,635,077</u>	<u>\$ 437,315</u>	<u>\$ --</u>
Investments at NAV	<u>18,749,239</u>			
Total	<u>\$ 175,821,631</u>			
LIABILITIES				
Agency pass-through funds	\$ 39,285,000	\$ --	\$ --	\$ 39,285,000

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

	<u>2025</u>	<u>2024</u>
Fair value, beginning of the year	\$ 39,285,000	\$ 34,900,016
Additions to the funds	1,150,053	920,706
Investment income, net	4,896,258	5,085,673
Management fees	(313,384)	(284,190)
Withdrawal of funds by agency	<u>(2,762,421)</u>	<u>(1,337,205)</u>
Fair value, end of the year	<u>\$ 42,255,506</u>	<u>\$ 39,285,000</u>

HUMBOLDT AREA FOUNDATION
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NOTE 8 – 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 June 30, 2025:

<u>Investments</u>	<u>Note</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Private credit fund	(a)	\$10,885,732	\$ 11,957,170	Liquidate	n/a
Private equity fund	(b)	3,908	--	Liquidate	n/a
Direct equity fund	(c)	6,277,156	1,008,574	Liquidate	n/a
Private markets	(d)	7,662,069	9,606,806	Liquidate	n/a
Real assets fund	(e)	5,341,563	4,931,596	Liquidate	n/a
Affordable Housing Preservation Fund	(f)	<u>285,959</u>	<u>1,200,000</u>	Liquidate	n/a
Total		<u>\$30,456,385</u>	<u>\$ 28,704,146</u>		

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 June 30, 2024:

<u>Investments</u>	<u>Note</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Private credit fund	(a)	\$ 7,698,254	\$ 8,864,424	Liquidate	n/a
Private equity fund	(b)	3,933	20,000	Liquidate	n/a
Direct equity fund	(c)	3,843,202	2,186,700	Liquidate	n/a
Private markets	(d)	4,588,069	4,828,742	Liquidate	n/a
Real assets fund	(e)	2,512,972	3,579,400	Liquidate	n/a
Affordable Housing Preservation Fund	(f)	<u>102,809</u>	<u>1,372,500</u>	Liquidate	n/a
Total		<u>\$18,749,239</u>	<u>\$ 20,851,766</u>		

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NOTE 8 – Fair Value Measurements and Disclosures *(continued)*

(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, 2025, and 2024, there were \$11,957,170 and \$8,864,424 in unfunded commitments, respectively.

(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 June 30, 2024, there was \$20,000 in unfunded commitments. There were no unfunded commitments as of June 30, 2025.

(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, 2025, and 2024, there was \$1,008,574 and \$2,186,700 in unfunded commitments, respectively.

(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, 2025, and 2024, there was \$9,606,806 and \$4,828,742 in unfunded commitments, respectively.

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NOTE 8 – Fair Value Measurements and Disclosures *(continued)*

(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, 2025, and 2024, there was \$4,931,596 and \$3,579,400 in unfunded commitments, respectively.

(f) The Rose Affordable Housing Preservation Fund seeks to achieve strong risk-adjusted returns along with measurable social and environmental impact. The Fund seeks to provide investors with stable, cash-flowing investments in affordable, mixed-income and workforce multifamily housing in metropolitan regions throughout the U.S. The Fund seeks to preserve affordable housing for the long-term, enhance the lives of its residents by creating “Communities of Opportunity” (through the Firm’s Communities of Opportunity program) and improve the environmental and economic performance of its properties. 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, 2025, and 2024, there was \$1,200,000 and \$1,372,500 in unfunded commitments, respectively.

NOTE 9 – 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 0 to 7.25 percent, and are designed to match the returns of the Foundation’s fixed income portfolio. At June 30, 2025, and 2024, up to approximately \$5,500,000 and \$5,970,000, respectively, was available for local investments; \$4,302,012 and \$2,330,740, respectively, was outstanding.

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NOTE 9 – Mission-Related Investments (continued)

The following is a summary of investments outstanding at June 30:

	<u>2025</u>	<u>2024</u>
Northern California Indian Development Council	\$ 267,775	\$ 289,299
Hoopla Tribe	761,526	792,019
Humboldt NeuroHealth	266,053	273,454
City of Blue Lake Town Center	9,674	40,745
Business Resilience Loans	36,353	53,640
Eureka Theatre	220,361	225,000
Resident Owned Parks	84,146	86,401
Dell'Arte International	330,000	330,000
North Edge Business Financing Catalyst Fund	1,000,000	--
Life Plan Humboldt	<u>211,454</u>	<u>--</u>
Total	<u>\$ 3,187,342</u>	<u>\$ 2,090,558</u>

These mission-related investments are subject to credit risk and are evaluated for impairment in accordance with the Current Expected Credit Losses (CECL) model. Management estimates the expected credit losses over the life of the investment based on historical experience, current conditions, and reasonable and supportable forecasts of future economic conditions. Management has determined that an allowance for expected credit losses was not considered necessary at June 30, 2025, or 2024.

NOTE 10 – 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 percent of the most recent 16-quarter trailing average market value of the endowed fund.

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NOTE 10 – Endowment (*continued*)

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 of Directors. 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 8.2 percent and 7.7 percent, net of investment fees, for the fiscal years ended June 30, 2025, and 2024, respectfully. 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.

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NOTE 10 – Endowment (continued)

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, 2025 and 2024, there were no underwater endowments.

The Foundation’s endowment funds, by net asset classification, were as follows at June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ 2,331,162	\$ 5,773,744	\$ 8,104,906

The Foundation’s endowment funds, by net asset classification, were as follows at June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ 1,799,136	\$ 5,757,227	\$ 7,556,363

NOTE 11 – 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 follows at June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Building and improvements	\$ 2,554,106	\$ 345,600	\$ 2,899,706
Furniture and equipment	97,810	--	97,810
Vehicles	95,109	--	95,109
	2,747,025	345,600	3,092,625
Less accumulated depreciation	(1,378,325)	(259,200)	(1,637,525)
Land	486,456	188,000	674,456
Total	<u>\$ 1,855,156</u>	<u>\$ 274,400</u>	<u>\$ 2,129,556</u>

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NOTE 11 – Property and Equipment (continued)

Property and equipment are summarized as follows at June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Building and improvements	\$ 2,554,106	\$ 345,600	\$ 2,899,706
Furniture and equipment	105,700	--	105,700
Vehicles	<u>95,109</u>	<u>--</u>	<u>95,109</u>
	2,754,915	345,600	3,100,515
Less accumulated depreciation	(1,298,427)	(250,560)	(1,548,987)
Land	<u>486,456</u>	<u>188,000</u>	<u>674,456</u>
 Total	 <u>\$ 1,942,944</u>	 <u>\$ 283,040</u>	 <u>\$ 2,225,984</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets held for distribution	\$ 1,754,781	\$ --	\$ 1,754,781

Depreciation expense for the fiscal years ended June 30, 2025, and 2024, was \$96,428 and \$101,882, respectively.

In March 2025, the Blue Lake Rancheria Tribe was chosen as the recipient of the assets of Leavey Ranch, LLC along with an additional grant for operating expenses. The real property was contributed as a grant valued at fair value. Fair value was determined by a third-party appraiser. The assets of Leavey Ranch, LLC had an appraised value of \$3,598,300, which resulted in a gain of \$1,856,733 when the assets were granted to the Blue Lake Rancheria Tribe.

NOTE 12 – Grants Payable

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

<u>For the fiscal year ending June 30,</u>	
2026	\$ 1,028,173
2027	63,000
2028	37,000
2029	<u>22,500</u>
 Total	 <u>\$ 1,150,673</u>

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

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NOTE 13 – Split-Interest Agreements

The Foundation administers thirteen 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:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 2,831,429	\$ 2,678,674
Contributions	--	--
Investment income, net	347,107	385,086
Final distributions	(42,142)	--
Management fees	(47,373)	(44,586)
Beneficiary distributions	(189,788)	(182,465)
Expenses	(5,360)	(5,280)
Ending Balance	<u>\$ 2,893,873</u>	<u>\$ 2,831,429</u>

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 \$1,780,854 and \$1,760,089 for the fiscal years ended June 30, 2025, and 2024, 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 5 years.

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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:

	<u>2025</u>	<u>2024</u>
Operating reserve	\$ 1,267,914	\$ 1,122,683
Strategic programs reserve	70,530	58,556
Technology reserve	41,695	96,810
Deferred maintenance reserve	<u>36,035</u>	<u>27,630</u>
Total	<u>\$ 1,416,174</u>	<u>\$ 1,305,679</u>

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

	<u>2025</u>	<u>2024</u>
Board-designated		
Operating reserves	\$ 1,416,174	\$ 1,305,679
For investment in property and equipment	<u>1,855,156</u>	<u>1,942,944</u>
Total Board-designated	3,271,330	3,248,623
Undesignated	<u>132,023,868</u>	<u>121,855,567</u>
Total	<u>\$ 135,295,198</u>	<u>\$ 125,104,190</u>

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NOTE 15 – Net Assets (continued)

Net Assets with Donor Restrictions

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

	2025	2024
Subject to expenditure for specified purpose:		
Programmatic activities	\$ 13,222,640	\$ 13,653,936
Restricted property	274,400	283,040
Subject to the passage of time:		
Assets held under split-interest agreements, net	1,113,019	1,071,340
Subject to the passage of time:		
Grants receivable that are not restricted by donors, but which are unavailable for expenditure until due	800,000	1,000,000
Perpetual in nature, the earnings from which are subject to spending policies or appropriation:		
Endowed assets formerly held in trust	5,773,744	5,757,227
Annuity	--	1,120
Total	\$ 21,183,803	\$ 21,766,663

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

	2025	2024
Satisfaction of purpose restrictions:		
Programmatic activities	\$ 7,726,147	\$ 4,726,997
Distributions (proceeds were not restricted by donors):		
Restricted property	8,639	8,640
Annuity	1,120	--
Total	\$ 7,735,906	\$ 4,735,637

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NOTE 16 – 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, 2025, and 2024, were \$328,590 and \$307,568, respectively.

NOTE 17 – 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, legal, other professional services, occupancy, office expenses, outreach, promotion and development, repairs and maintenance, travel, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 18 – 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 19 – Statements of Cash Flows Supplemental Disclosures

For the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	\$ 2,907,799	\$ 307,741
Noncash financing transactions	NONE	NONE