
WHIDBEY COMMUNITY FOUNDATION
A Washington Non-Profit Corporation

Financial Statements

For the Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Whidbey Community Foundation
Coupeville, WA

We have reviewed the accompanying financial statements of Whidbey Community Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed the Foundation's 2018 financial statements and in our conclusion dated July 10, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants
July 2, 20120

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

| December 31, 2019 (With Comparative Totals for 2018) | 2019 | 2018 |
|--|--------------------------|-------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 202,323 | \$ 69,379 |
| Restricted Cash | 17 | 10,200 |
| | <u>202,340</u> | <u>79,579</u> |
| Other Assets | | |
| Investments | 41,784 | - |
| | <u>41,784</u> | <u>-</u> |
| Total Assets | \$ <u>244,124</u> | \$ <u>79,579</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | \$ 590 | \$ - |
| | <u>590</u> | <u>-</u> |
| Net Assets | | |
| Without Donor Restrictions | 243,517 | 69,379 |
| With Donor Restrictions | 17 | 10,200 |
| | <u>243,534</u> | <u>79,579</u> |
| Total Liabilities and Net Assets | \$ <u>244,124</u> | \$ <u>79,579</u> |

See accompanying notes and independent accountant's review report.

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

| Year Ended December 31, 2019 (With Comparative Totals for 2018) | | | 2019 | 2018 |
|--|---|--|-------------------|------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Support & Revenue | | | | |
| Donations | \$ 199,725 | \$ - | \$ 199,725 | 86,807 |
| Christmas Sculpture Fund | 28,845 | - | 28,845 | 19,435 |
| Grants | 10,000 | - | 10,000 | - |
| Interest Income | 27 | - | 27 | 24 |
| Investment Income | 901 | 125 | 1,026 | |
| Release of Donor Restrictions | 10,308 | (10,308) | - | - |
| | 249,806 | (10,183) | 239,623 | 106,266 |
| Expenses | | | | |
| Program Services | 42,436 | - | 42,436 | 59,853 |
| Administrative | 21,328 | - | 21,328 | 3,337 |
| Fundraising | 11,904 | - | 11,904 | 4,273 |
| | 75,668 | - | 75,668 | 67,463 |
| INCREASE (DECREASE) IN NET ASSETS | 174,138 | (10,183) | 163,955 | 38,803 |
| NET ASSETS, BEGINNING OF YEAR | 55,544 | 24,035 | 79,579 | 40,776 |
| Reclassification | 13,835 | (13,835) | - | - |
| NET ASSETS, END OF YEAR | \$ 243,517 | \$ 17 | \$ 243,534 | \$ 79,579 |

See accompanying notes and independent accountant's review report.

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

| Year Ended December 31, 2019 (With Comparative Totals for 2018) | | | | 2019 | | | 2018 |
|--|-----------------------------|-----------------------|--------------------|------------------|-----------|--|------------------|
| | Program Services | Administrative | Fundraising | Total | | | Total |
| Grants | \$ 24,306 | \$ - | \$ - | \$ 24,306 | \$ | | 48,905 |
| Wages & Payroll Taxes | 3,826 | 14,343 | 1,507 | 19,676 | | | - |
| Website & Marketing Design | 455 | 455 | - | 910 | | | 789 |
| Donor Database | 6,087 | - | - | 6,087 | | | 5,979 |
| Fundraising Expenses | - | - | 4,397 | 4,397 | | | 3,473 |
| Consulting | - | - | 6,000 | 6,000 | | | 800 |
| Nonprofit Support Training | 530 | - | - | 530 | | | 2,804 |
| Board & Staff Training | - | 672 | - | 672 | | | 200 |
| Professional Services | - | 2,431 | - | 2,431 | | | 2,000 |
| Marketing | 3,901 | - | - | 3,901 | | | 759 |
| Credit Card Fees | - | 717 | - | 717 | | | 501 |
| Fees & Dues | 1,273 | - | - | 1,273 | | | 671 |
| Supplies | - | 1,541 | - | 1,541 | | | 482 |
| Telephone | 303 | - | - | 303 | | | - |
| Postage | 55 | - | - | 55 | | | - |
| Insurance | - | 1,169 | - | 1,169 | | | - |
| Equipment | 1,490 | - | - | 1,490 | | | - |
| Other | 210 | - | - | 210 | | | 100 |
| | \$ 42,436 | \$ 21,328 | \$ 11,904 | \$ 75,668 | \$ | | \$ 67,463 |

See accompanying notes and independent accountant's review report.

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

| Year Ended December 31, 2019 (With Comparative Totals for 2018) | 2019 | 2018 |
|---|--------------------------|-------------------------|
| Cash Flows from Operating Activities | | |
| Increase (Decrease) in net assets | \$ 163,955 | \$ 38,803 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities: | | |
| Stock donations | (39,721) | - |
| Unrealized gain in investments | (1,006) | - |
| Increase (Decrease) in accounts payable | 590 | (2,350) |
| Net Cash Provided (Used) by Operating Activities | <u>123,818</u> | <u>36,453</u> |
| Cash Flows from Investing Activities | | |
| Net change in investments | <u>(1,057)</u> | <u>-</u> |
| Cash Flows from Financing Activities | <u>-</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 122,761 | 36,453 |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>79,579</u> | <u>43,126</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u>\$ 202,340</u> | <u>\$ 79,579</u> |

See accompanying notes and independent accountant's review report.

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

Organization

The Whidbey Community Foundation (the Foundation) is a non-profit corporation established in 2016 and is dedicated to strengthening the communities of Whidbey Island for both present and future generations. The Foundation will accomplish this by:

- Establishing permanent charitable endowments to benefit Whidbey Island;
- By providing a vehicle for donors' varied interests and facilitate the philanthropic activities of citizens living in the area;
- By promoting and support local philanthropy and volunteerism;
- By providing leadership and resources in addressing local challenges and opportunities.

During 2019, the Foundation established their first donor advised fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may vary from the estimated amounts.

Financial Statement Presentation

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

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation or by the passage of time.

The Foundation maintains its financial records on the accrual basis of accounting.

Revenues are reported as increases in without donor restriction net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in with donor restriction net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in the without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of with donor restriction net assets (i.e. the donor-imposed stipulated purpose has been fulfilled) are reported as reclassifications between the applicable classes of net assets.

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability

The Foundation has \$202,323 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$202,323, as of December 31, 2019. The Foundation has \$69,379 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$69,379, as of December 31, 2018. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2019 and 2018, the Foundation has restricted cash of \$17 and \$10,200, respectively, that is restricted to be used for those programs. See note 4.

As of December 31, 2019, the Foundation has investments of \$41,784 that can be used to pay for expenditures of the Foundation.

Support

The Foundation receives a substantial amount of its support and revenue from donations. If a significant change or reduction in the level of this support and revenue occurred, it might have a significant effect on the Foundation's programs and activities.

Recognizing Revenue From Contracts With Customers

The Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The standard will be effective for annual periods beginning after December 15, 2018. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Foundation follows these principles. The guidance will initially be applied retrospectively. There was no changes in receivables and deferred revenue for 2019 and 2018.

Upon receipt of an advance from grants and contracts from their funding sources, the Foundation recognizes deferred revenue in the amount of the advance for its performance obligation to perform services in the future. At December 31, 2019 and 2018, the Foundation has recorded deferred revenue of \$0 and \$0, respectively, which the Foundation expects to recognize as revenue in the following year, when it performs those services and, therefore, satisfies its performance obligation to the funding sources.

The balances of receivables and deferred revenue from grants and contracts are as follows as of December 31, 2019 and 2018:

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| | 2019 | 2018 |
|-------------------|------|------|
| Grants Receivable | \$ - | \$ - |
| Deferred Revenue | \$ - | \$ - |

Allocation of Indirect Costs

For the 2019 and 2018 year, all categories of expenses are direct. There were no allocations of indirect costs during the years.

Statement of Cash flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Foundation's tax returns are open to examination for years ended December 31, 2017 through 2019.

Subsequent Events

Management of the Foundation has evaluated subsequent events through July 2, 2020, the date on which these financial statements were available to be issued, which is the same date as the independent auditor's report.

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Estimated market value and cost as of December 31, 2019 was the following:

| | <u>Market Value</u> | <u>Cost</u> |
|---------------|-------------------------|-----------------|
| Money Markets | \$ 824 | \$ 824 |
| Common Stock | 2,110 | 2,110 |
| Mutual Funds | <u>38,850</u> | <u>39,100</u> |
| | <u>\$41,784</u> | <u>\$42,034</u> |

Investment income consisted of the following for the year ended December 31, 2019:

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

| | |
|------------------|-----------------|
| Dividends | \$ 20 |
| Unrealized Gains | <u>1,006</u> |
| | <u>\$ 1,026</u> |

Investments in marketable debt and equity securities, which are carried at their fair values in the Statements of Financial Position. The Foundation determines fair value for these investments in accordance with ASC Topic 820-10 “Fair Value Measurements”. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Donated investments are reflected as contributions at their fair values at date of receipt.

Topic 820-10 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from participants and unobservable inputs reflect the entity’s own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs, with decreasing levels of reliability, used to measure fair value and the primary valuation methodologies used by the Foundation for financial instruments measured at fair value on a recurring basis.

- Level 1 - quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All valuations are considered to be Level 1 valuations and are provided by the Foundation’s investment advisory firm. Fair values reported may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: ENDOWMENT

Adoption of UPMIFA and reclassifications

The State of Washington enacted the Uniform Prudent Management of Institutional Funds Act (the Act) effective July 1, 2009, the provisions of which apply to endowment funds existing on or established after that date.

Under the Act, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the donor. The remaining portion of the donor-restricted endowment that is not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in accordance with the Act and donor imposed restrictions.

Endowment investment policies

Under the Foundation's endowment policies, the Foundation's investment firm maintains a diversified portfolio and seeks to maximize investment returns through both capital appreciation and current yield. Investment risk is measured in terms of total endowment funds. Investment assets and allocation between asset classes and strategies are managed to reduce levels of market or other risks. The overall asset allocation plan at December 31, 2019 was the following:

| <u>Asset Class</u> | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------|----------------|----------------|
| U.S. Equity | 10% | 60% |
| International Equity | 0% | 30% |
| Alternative Investments | 0% | 15% |
| Fixed Income/Cash | 15% | 60% |

Endowment spending policies

The Foundation spending policies have been adopted to balance the objective of maintaining the purchasing power of the endowments through investment return and providing current funds for the endowed projects.

As of December 31, 2019, there were no endowment funds established.

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include cash and investments. As of December 31, 2019, net assets with donor restrictions was the following:

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

| | |
|----------------|--------------|
| Human Services | \$ 10 |
| Animal Welfare | <u>7</u> |
| | <u>\$ 17</u> |

As of December 31, 2018, net assets with donor restrictions was \$10,200.

NOTE 5: RELATED PARTY TRANSACTIONS

Related party contributions for the years ended December, 31, 2019 and 2018, represent approximately 25% and 23%, respectively, of the total donations on the statement of activities and changes in net assets.

NOTE 6: RECLASSIFICATIONS

During 2019, it was discovered that \$13,835 in net assets as of December 31, 2018, was classified as net assets with donor restrictions. The \$13,835 should have been included in net assets without donor restrictions as of December 31, 2018. Total net assets did not change.