
WHIDBEY COMMUNITY FOUNDATION
A Washington Non-Profit Corporation

Financial Statements

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Whidbey Community Foundation
Coupeville, WA

We have audited the accompanying financial statements of the Whidbey Community Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

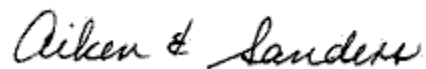
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The 2019 financial statements were reviewed by us and our report thereon, dated July 2, 2020, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

April 30, 2021

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2020 (With Comparative Totals for 2019)	2020	2019
	<u>Audit</u>	<u>Review</u>
ASSETS		
Current Assets		
Cash	\$ 299,592	\$ 195,886
Restricted Cash	71,570	6,454
	<u>371,162</u>	<u>202,340</u>
Other Assets		
Investments	341,482	41,784
	<u>341,482</u>	<u>41,784</u>
Total Assets	\$ <u><u>712,644</u></u>	\$ <u><u>244,124</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ -	\$ 590
	<u>-</u>	<u>590</u>
Net Assets		
Without Donor Restrictions	580,077	237,080
Without Donor Restrictions - Endowments	60,997	-
	<u>641,074</u>	<u>237,080</u>
With Donor Restrictions	71,570	6,454
	<u>712,644</u>	<u>243,534</u>
Total Liabilities and Net Assets	\$ <u><u>712,644</u></u>	\$ <u><u>244,124</u></u>

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

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2020 (With Comparative Totals for 2019)			2020	2019
	Without Donor Restrictions	With Donor Restrictions	Audit Total	Review Total
Support & Revenue				
Donations	\$ 491,401	\$ 143,410	\$ 634,811	228,570
Grants	95,000	109,320	204,320	10,000
Fundraising Events	1,468	-	1,468	-
Interest Income	392	-	392	27
Investment Income	49,679	-	49,679	1,026
Management Fees	54	-	54	-
Other Income	6,917	-	6,917	-
Release of Donor Restrictions	187,614	(187,614)	-	-
	832,525	65,116	897,641	239,623
Expenses				
Program Services	398,259	-	398,259	42,436
Administrative	15,833	-	15,833	21,328
Fundraising	14,439	-	14,439	11,904
	428,531	-	428,531	75,668
INCREASE (DECREASE) IN NET ASSETS	403,994	65,116	469,110	163,955
NET ASSETS, BEGINNING OF YEAR	237,080	6,454	243,534	79,579
NET ASSETS, END OF YEAR	\$ 641,074	\$ 71,570	\$ 712,644	\$ 243,534

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

WHIDBEY COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 (With Comparative Totals for 2019)				2020	2019
				<u>Audit</u>	<u>Review</u>
				<u>Total</u>	<u>Total</u>
	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>		
Grants	\$ 346,168	\$ -	\$ -	\$ 346,168	\$ 24,306
Wages & Payroll Taxes	32,534	5,321	5,321	43,176	19,676
Website & Marketing Design	-	-	-	-	910
Donor Database	6,196	-	-	6,196	6,087
Fundraising Expenses	-	-	4,118	4,118	4,397
Consulting	-	-	5,000	5,000	6,000
Nonprofit Support Training	3,342	-	-	3,342	530
Board & Staff Training	-	1,951	-	1,951	672
Professional Services	-	3,424	-	3,424	2,431
Marketing	5,850	-	-	5,850	3,901
Credit Card Fees	-	3,223	-	3,223	717
Fees & Dues	1,299	-	-	1,299	1,273
Supplies	-	706	-	706	1,541
Telephone	447	-	-	447	303
Postage	374	-	-	374	55
Printing	862	-	-	862	-
Insurance	-	1,208	-	1,208	1,169
Equipment	1,033	-	-	1,033	1,490
Other	154	-	-	154	210
	<u>\$ 398,259</u>	<u>\$ 15,833</u>	<u>\$ 14,439</u>	<u>\$ 428,531</u>	<u>\$ 75,668</u>

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

WHIDBEY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 (With Comparative Totals for 2019)	2020	2019
	<u>Audit</u>	<u>Review</u>
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 469,110	\$ 163,955
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Stock donations	(49,995)	(39,721)
Unrealized gain in investments	(49,679)	(1,006)
Increase (Decrease) in accounts payable	(590)	590
Net Cash Provided (Used) by Operating Activities	<u>368,846</u>	<u>123,818</u>
Cash Flows from Investing Activities		
Net change in investments	<u>(200,024)</u>	<u>(1,057)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	168,822	122,761
BEGINNING CASH AND CASH EQUIVALENTS	<u>202,340</u>	<u>79,579</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 371,162</u>	<u>\$ 202,340</u>

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

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 2020 and 2019, the Foundation has six and 1 donor advised funds, respectively.

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, 2020

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

Liquidity and Availability

The Foundation has \$299,592 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 \$299,592, as of December 31, 2020. The Foundation has \$195,886 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 \$195,886, as of December 31, 2019. 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, 2020 and 2019, the Foundation has restricted cash of \$71,570 and \$6,454, respectively, that is restricted to be used for those programs. See note 4.

As of December 31, 2020 and 2019, the Foundation has investments of \$341,482 and \$41,784, respectively. See note 2.

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.

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, 2020 and 2019, 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, 2020 and 2019:

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

	2020	2019
Grants Receivable	\$ -	\$ -
Deferred Revenue	\$ -	\$ -

Allocation of Indirect Costs

For the 2020 and 2019 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, 2018 through 2020.

Subsequent Events

Management of the Foundation has evaluated subsequent events through April 30, 2021, 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 as of December 31, 2020 and 2019, was \$341,482 and \$41,784, respectively.

	<u>2020</u>	<u>2019</u>
Money Markets	\$ 7,268	\$ 824
Common Stock	992	2,110
Mutual Funds	<u>333,222</u>	<u>38,850</u>
	<u>\$341,482</u>	<u>\$41,784</u>

Investment income consisted of the following for the year ended December 31, 2020:

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Dividends and Unrealized Gains	\$ 50,665
Realized Gains	1,065
Fees	<u>(2,051)</u>
	<u>\$49,679</u>

Investment income for the year ended December 31, 2019, was \$1,026.

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.

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2020 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.

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: ENDOWMENT (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of December 31, 2020, with comparative totals for 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Donor-Restricted Endowment	\$ -	\$ -	\$ -	\$ -
Without Donor Restrictions Endowment	60,997	-	60,997	-
Total funds	<u>\$ 60,997</u>	<u>\$ -</u>	<u>\$ 60,997</u>	<u>\$ -</u>

Changes in Endowment Net Assets for the year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Investment return:			
Investment Income, net of investment mgmt fees	<u>7,997</u>	<u>-</u>	<u>7,997</u>
Total investment return	7,997	-	7,997
Contributions	53,000	-	53,000
Distributions	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 60,997</u>	<u>\$ -</u>	<u>\$ 60,997</u>

WHIDBEY COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, net assets with donor restrictions was the following:

Human Services	\$ 10
Animal Welfare	7
Health & Wellness	267
Covid-19	<u>71,286</u>
	<u>\$71,570</u>

As of December 31, 2019, net assets with donor restrictions was \$6,454.

NOTE 5: RELATED PARTY TRANSACTIONS

Related party contributions for the years ended December 31, 2020 and 2019, represent approximately 7% and 25%, respectively, of the total donations on the statement of activities and changes in net assets.