

Community Foundation of the North State
Redding, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

June 30, 2021



Community Foundation of the North State

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation of the North State
Redding, California

Opinion

We have audited the accompanying financial statements of Community Foundation of the North State (the Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and cash flows for the 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 State of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 resulted from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
October 5, 2021

Community Foundation of the North State
STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 4,303,407
Contributions receivable	68,156
Loans receivable - current portion	28,621
Prepaid expenses	3,250

Total Current Assets 4,403,434

Property and Equipment - Net 35,360

Other Assets

Deposits	378
Beneficial interest in remainder trust	1,141,761
Beneficial interest in life insurance policy	9,314
Loans receivable - net of current portion	159,649
Long-term investments	32,013,004

Total Other Assets 33,324,106

TOTAL ASSETS \$ 37,762,900

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 2,899
Grants payable	752,372
Contract advances	127,255
Accrued payroll	55,606

Total Liabilities 938,132

Net Assets

Without donor restriction	2,167,338
With donor restriction	34,657,430

Total Net Assets 36,824,768

TOTAL LIABILITIES AND NET ASSETS \$ 37,762,900

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

Community Foundation of the North State
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 204,273	\$ 6,036,097	\$ 6,240,370
Program service fees	617,560	-	617,560
Investment return - net	332,533	6,316,400	6,648,933
Gain on insurance proceeds	-	1,705	1,705
Change in value of remainder trust	-	150,394	150,394
Net assets released from restriction	8,671,270	(8,671,270)	-
Total Revenues, Gains, and Other Support	9,825,636	3,833,326	13,658,962
Expenses and Losses			
Grant distribution	8,440,808	-	8,440,808
Salaries	523,656	-	523,656
Occupancy expense	135,690	-	135,690
Payroll overhead	102,106	-	102,106
Contract services	53,500	-	53,500
Marketing and advertising	29,846	-	29,846
Taxes and fees	16,481	-	16,481
Legal and accounting	16,401	-	16,401
Insurance	15,327	-	15,327
Telephone/website	14,646	-	14,646
Depreciation	12,828	-	12,828
Dues	10,962	-	10,962
Travel and lodging	8,808	-	8,808
Office expenses	6,329	-	6,329
Postage	3,519	-	3,519
Printing	1,794	-	1,794
Classes - Leadership Redding	1,685	-	1,685
Staff training and development	781	-	781
Volunteer recognition	781	-	781
Total Expenses and Losses	9,395,948	-	9,395,948
Change in Net Assets	429,688	3,833,326	4,263,014
Net Assets - Beginning of Year	1,737,650	30,824,104	32,561,754
Net Assets - End of Year	\$ 2,167,338	\$ 34,657,430	\$ 36,824,768

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

Community Foundation of the North State
STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,263,014
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	12,828
Unrealized gain on investments	(5,112,667)
Interest and dividends reinvested	(818,932)
Change in beneficial interest in remainder trust	(150,394)
Change in beneficial interest in life insurance policy	(1,705)
Changes in:	
Contributions receivable	1,049,205
Loans receivable	26,094
Prepaid expenses	(2,453)
Accounts payable	(27,104)
Grants payable	129,653
Contract advances	127,255
Accrued payroll	(14,966)
Net Cash Used By Operating Activities	(520,172)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(11,618)
Net redemption of investments	2,129,539
Net Cash Provided By Investing Activities	2,117,921
Net Increase in Cash and Cash Equivalents	1,597,749
Cash and Cash Equivalents - Beginning of Year	2,705,658
Cash and Cash Equivalents - End of Year	\$ 4,303,407

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

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Community Foundation of the North State (the Foundation) promotes philanthropy by connecting people who care with causes that matter.

Currently, the Foundation operates the following programs:

Asset Development and Grant Making: This program accepts, administers, and disburses funds to eligible recipients based upon donor wishes.

Leadership Redding: This program is a one-year program of day-long sessions intended to provide its participants with information and opportunities to promote community leadership and involvement.

Women's Fund: This program supports the efforts and organizations that improve the lives of women, children, and their families in the greater Redding area.

Ivy B. Horr Endowed Medical Education Loan Fund: This program provides low interest loans to students from Shasta, Lassen, Trinity, Tehama, Modoc, and Siskiyou Counties pursuing an education in medicine.

Basis of Presentation The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, and expenses are classified based on the existence or absence of stipulations imposed by donors or grantors. Accordingly, net assets of the Foundation, and changes therein, are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to stipulations imposed by donors or grantors and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions on the statements of activities.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Revenue Recognition The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as management believes the standard improves the usefulness and understandability of the Foundation’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognized revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis adoption method. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. On occasion, the Foundation receives revenue derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as contract advances on the statement of financial position. The Foundation received cost-reimbursable grants and/or contributions of \$113,000 that have not been recognized in revenue at June 30, 2021, because qualifying expenditures have not yet been incurred or conditions have not yet been met.

Program fees from Leadership Redding received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. The Foundation received advance payments of program service fees in the amount of \$14,255 that have been included in contract advances on the statement of financial position.

The Foundation recognizes revenue from program service fees assessed for costs associated with administering charitable funds. The fees are calculated as an annual percentage assessed quarterly. Special project fund fees are assessed monthly based on receipts. Program Service fees assessed for June 30, 2021 totaled \$617,560. There are no unassessed fees as of June 30, 2021.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments Investments in marketable securities with readily determinable fair values are stated at fair market value. Marketable securities without readily determinable fair values are stated at cost.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Contributions Receivable Contributions receivable consist of unconditional promises to give to the Foundation. Contributions receivable are adjusted to net realizable value when they are determined to be delinquent based on historical experience. Losses on uncollectible receivables are recognized when such losses become known or are indicated. No allowance for uncollectible contributions has been reflected at June 30, 2021, as management believes all amounts are fully collectible.

Property and Equipment Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives of current property and equipment range from five to seven years.

The Foundation capitalizes expenses for major improvements and acquisitions as additions to property and equipment, whereas ordinary maintenance, repairs, and renewals are charged to expense as incurred.

Donated Services Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities - Revenue Recognition, if the services: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

The value of donated services meeting requirements for recognition in the financial statements was not material and has not been recorded. Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with specific program services. These services did not meet the above requirement for recognition in these financial statements and, accordingly, have not been valued or recorded.

Income Taxes The Foundation has received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC), and Section 23701(d) of the California Revenue and Taxation Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the IRC. Accordingly, no provision for income taxes is included in the financial statements.

Endowment Investment and Spending Policies The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. UPMIFA details the rules on spending from donor-restricted endowment funds. Donor intent is defined in the terms of the gift instrument or document accompanying the gift. The Foundation's endowment funds are entered into with the donor and Foundation signing a fund agreement. The Foundation's endowed fund agreements state the original gift, and any subsequent gifts, are to be preserved for the perpetuity of the endowed fund with the investment income and net appreciation available to spend for the restricted purpose of the fund. The Foundation classifies the original contributions made to the endowed fund as contributions with donor restrictions and the investment income and net appreciation as net assets with donor restrictions for the amount calculated as available to spend.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide funding to programs supported by its endowment while striving to maintain capital preservation and purchasing power of those endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The current objective is to achieve an investment return to provide sufficient revenue to support an average annual distribution rate of 6% while maintaining the purchasing power of the portfolio. Actual returns may vary from this amount in any given year. To meet this rate of return objective over the long term, the Foundation targets a diversified asset allocation between equity-based and fixed-income investments within prudent risk factors. The spending policy calculates the amount of money annually available to be distributed from the Foundation's endowed funds for grant making. The current spending policy was calculated as an annual amount of up to 4% of a 12-quarter moving average of the fair value of the endowment funds. These funds must have sufficient cumulative investment income and net appreciation to cover the spending policy calculation. The excess income and appreciation is then available for additional growth of the endowed fund. During the current year, the Board of Directors approved a spending policy calculation of up to 4% for all endowed funds, as appropriate.

Recently Issue Accounting Pronouncement In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for more leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. In May 2020, the FASB issued ASU 2020-05, which delayed the effective date of the standard to annual reporting periods beginning after December 15, 2021.

Subsequent Events The Foundation has evaluated subsequent events through October 5, 2021, the date the financial statements were available to be issued.

Change in Accounting Principle In May 2014 the FASB issued a new standard on revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*, with the intent of creating a new, principle-based revenue recognition framework. The ASU created a new topic in the FASB Accounting Standards Codification, Topic 606, in addition to superseding and replacing nearly all existing U.S. GAAP revenue recognition guidance. The main provisions of the ASU are:

1. Establish a new control-based revenue recognition model
2. Changes the basis for deciding when revenue is recognized over time or at a point in time.
3. Provides new and more detailed guidance on specific topics.
4. Expands and improves disclosures about revenue.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Foundation has implemented ASU 2014-09 on the retrospective basis and has adjusted the presentation of these financial statements accordingly. The ASU had no material effect on previously reported net assets.

Change in Auditors' Report In accordance with SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, the audit report format was changed to present the opinion section first, followed by the basis for opinion. The original effective date for this implementation was for audits of financial statements for periods ending on or after December 15, 2020 but was extended by SAS No. 141 to periods ending on or after December 15, 2021 with early implementation allowed. The Foundation elected for early implementation of SAS No. 134 as reflected in this report.

2. CONCENTRATIONS OF CREDIT RISK

The Foundation has diversified its credit risk for cash by maintaining deposits in several financial institutions. There was no amount in excess of deposit insurance at June 30, 2021.

3. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets available to meet general expenditures, liabilities, and other obligations over the next twelve months:

June 30, 2021

Cash and cash equivalents	\$	4,303,407
Contributions receivable		68,156
Loans receivable - current portion		28,621
Total Financial Assets	\$	4,400,184

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meeting those responsibilities to donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, the Foundation's policy is to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests excess cash in money market accounts.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. INVESTMENTS

The Foundation's investments consisted of the following:

June 30, 2021

Mutual funds	\$	20,419,945
Stocks		6,569,364
Bonds		2,367,022
Government securities		1,637,772
Money market funds		1,018,901
Total Investments	\$	32,013,004

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

June 30, 2021

Computer equipment and software	\$	112,476
Less: Accumulated depreciation		77,116
Property and Equipment - Net	\$	35,360

Depreciation expense for the year ended June 30, 2021, was \$12,828.

6. LOANS RECEIVABLE

The Ivy B. Horr Endowed Medical Education Loan Fund provides for loans to students pursuing medical careers. Loans ranging from \$2,000 to \$10,000 per loan cycle, not to exceed \$50,000 per student, are provided and repayment begins six months after the student's graduation and must be completed within ten years of graduation. Interest is charged at a rate of 2%. Loans receivable are carried at unpaid principal balances, less an allowance for expected loan losses. Management's evaluation of the adequacy of the allowance is based primarily on past loan experience and specific impaired loans. The allowance for loans receivable for the year ended June 30, 2021, was \$750.

7. BENEFICIAL INTEREST IN CHARITABLE TRUST

Charitable remainder trust provides for the payment of distributions to designated beneficiaries over the trust's terms. At the end of the trust's terms, the remaining assets are available for the beneficiaries' use, subject to donor-imposed restrictions. Assets held in charitable remainder trust are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trust are reflected as changes in net assets with donor restrictions in the Foundation's statement of activities.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Foundation has been named as the irrevocable remainder beneficiary of one charitable remainder trust that is administered by a third party. At June 30, 2021, the present value of the future benefits was calculated using a discount rate of 1.2%, estimated rate of return of 5.80%, and applicable mortality tables.

Assets held in the charitable remainder trust at June 30, 2021, totaled \$1,141,761 and are reported at fair value in the Foundation's statement of financial position.

8. NET ASSETS WITH DONOR RESTRICTIONS

Contributions received, which are restricted to a specific program or are to be received in future periods, are recorded as net assets with donor restrictions and are released from restriction when program expenses meeting the grantor/donor requirements have been met, or when the time period has lapsed.

Net assets with donor restrictions are restricted for the following purposes or periods:

June 30, 2021

Amounts to be Received in Future Periods	
McConnell Foundation building grant	\$ 36,546
Total Amounts to be Received in Future Periods	36,546
Amounts Restricted by Donor for Specific Purpose	
Sherri Lint Charitable Remainder Unitrust	1,141,761
Patricia L. Kimball and David T. Kimball Fund	998,497
Harry Daniell Fund	753,186
Community Disaster Relief Fund	646,644
Nancy Driscoll Foundation Fund	559,647
Mt. Shasta Children's Fund	504,915
Patty Duncan Fund	501,646
Ivy B. Horr Loan Fund	359,029
Ethel Fleming Zwiebel Scholarship Fund	307,305
Other	2,214,814
Total Amounts Restricted by Donor for Specific Purpose	\$ 7,987,444

Contributions received, which are restricted by the donor as endowments to be maintained in perpetuity are recorded as net assets with donor restrictions. The portion of the earnings on endowments, which are subject to the Foundation's spending policy and appropriation, are recorded as net assets with donor restrictions and are released from restrictions when program expenses meeting the grantor/donor requirements have been met.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Endowment net assets requiring investment in perpetuity consisted of the following:

June 30, 2021

Knodel Family Endowment Fund	\$	5,356,532
Elmer H. Schmidt Christian Broadcasting Fund		3,594,554
Ivy B. Horr Endowed Medical Education Fund		1,662,392
Patricia L. Kimball Endowment		1,459,570
Shasta County Board of Education Student Benefit Fund		1,374,819
Josephine Taylor Endowment Fund		1,329,341
Dr. Donald and Ann Gleason Memorial Scholarship		814,513
John and Mae Harrington Fund		799,801
Burney Regional Community Fund Endowment		734,132
Clement Alan DeTourney Memorial Fund		715,815
Women's Endowment Fund of Redding		679,775
Animal Welfare Endowment Fund		621,313
Kohn Family Endowment		590,489
Seamans Family Endowment		489,070
Siskiyou Family YMCA Endowment		446,639
Veteran's Cemetery Endowment Fund		409,686
Tauhindauli Park Endowment Fund		341,905
Tehama County Friends of the Library Endowment		295,105
Other		4,917,989
Total Net Assets Requiring Investment in Perpetuity		26,633,440
Total Net Assets with Donor Restrictions	\$	34,657,430

Endowment net assets composition by type of fund is as follows:

June 30, 2021	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Board-designated endowment fund	\$ 1,735,905	\$ -	\$ 1,735,905
Donor-restricted endowment funds	-	26,633,440	26,633,440
Total Endowment Net Assets	\$ 1,735,905	\$ 26,633,440	\$ 28,369,345
Endowment Net Assets - Beginning of Year	\$ 1,307,497	\$ 21,633,090	\$ 22,940,587
Contributions	136,060	189,609	325,669
Investment income - net	83,141	1,459,392	1,542,533
Net appreciation (depreciation)	255,554	4,463,554	4,719,108
Amounts appropriated for expense	(46,347)	(1,112,205)	(1,158,552)
Endowment Net Assets - End of Year	\$ 1,735,905	\$ 26,633,440	\$ 28,369,345

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. CONTRIBUTIONS

Contributions consisted of the following:

Year Ended June 30, 2021	Without Donor Restriction	With Donor Restriction	Total
Grants	\$ 22,400	\$ 104,958	\$ 127,358
Donations	181,873	5,915,262	6,097,135
Sponsorships	-	15,877	15,877
Total Contributions	\$ 204,273	\$ 6,036,097	\$ 6,240,370

Community Foundation of the North State
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and activities have been summarized on a functional basis. Accordingly, the following is the allocation of certain costs among the programs and supporting services:

Year Ended June 30, 2021	Program Services						Supporting Activities				Total Expenses
	Asset Development and Grant Making	Leadership Redding	Women's Fund	Ivy B. Horr Loan Fund	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Activities		
Grant distribution	\$ 8,440,808	\$ -	\$ -	\$ -	\$ -	\$ 8,440,808	\$ -	\$ -	\$ -	\$ 8,440,808	
Salaries	104,208	15,200	24,788	18,341	51,795	214,332	107,284	202,040	309,324	523,656	
Occupancy expense	16,283	4,071	6,784	4,071	20,354	51,563	29,852	54,275	84,127	135,690	
Payroll overhead	12,253	3,063	5,105	3,063	15,316	38,800	22,463	40,843	63,306	102,106	
Contract services	4,650	-	2,800	4,200	-	11,650	13,950	27,900	41,850	53,500	
Marketing and advertising	7,693	225	1,025	-	-	8,943	2,642	18,261	20,903	29,846	
Taxes and fees	2,106	394	824	494	2,187	6,005	3,755	6,721	10,476	16,481	
Legal and accounting	-	-	-	-	3,725	3,725	8,951	3,725	12,676	16,401	
Insurance	3,832	-	-	-	-	3,832	7,663	3,832	11,495	15,327	
Telephone/website	1,680	420	1,345	420	2,100	5,965	3,080	5,601	8,681	14,646	
Depreciation	1,539	385	641	385	1,924	4,874	2,823	5,131	7,954	12,828	
Dues	3,654	-	-	-	-	3,654	3,654	3,654	7,308	10,962	
Travel and lodging	881	-	-	-	2,642	3,523	3,523	1,762	5,285	8,808	
Office expenses	541	220	1,677	136	963	3,537	991	1,801	2,792	6,329	
Postage	864	17	43	-	-	924	865	1,730	2,595	3,519	
Printing	104	-	750	-	-	854	348	592	940	1,794	
Classes - Leadership Redding	-	1,685	-	-	-	1,685	-	-	-	1,685	
Staff training and development	79	-	-	-	234	313	312	156	468	781	
Volunteer recognition	-	-	-	-	-	-	781	-	781	781	
Total Expenses	\$ 8,601,175	\$ 25,680	\$ 45,782	\$ 31,110	\$ 101,240	\$ 8,804,987	\$ 212,937	\$ 378,024	\$ 590,961	\$ 9,395,948	

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on estimates of time, effort, and usage.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

11. OPERATING LEASES

The Foundation moved to a new office facility on January 1, 2006, under a five-year lease with The McConnell Foundation. The lease expired on December 31, 2011. A lease amendment was signed in August 2010 to extend the lease an additional five years with the lease expiring December 31, 2015. A second lease amendment was signed January 1, 2016, for five years with the lease expiring December 31, 2020. A one-year lease extension was signed expiring December 31, 2021. The lease is a market-rate lease. Lease expense totaled \$78,883 for the year ended June 30, 2021. These lease obligations are supported by a grant from The McConnell Foundation. Future lease obligations under the amended lease are as follows:

Years Ending June 30

2022	\$	36,546
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12. SHASTA REGIONAL COMMUNITY REAL ESTATE FOUNDATION

Shasta Regional Community Real Estate Foundation (CREF) is a nonprofit organization formed by Community Foundation of the North State to receive and process gifts of real estate for charitable purposes. CREF is a separate 501(c)(3) supporting organization and is not controlled by the Foundation. Its eight-member board of directors is composed of two members of the Foundation's board and six outside members.

13. FAIR VALUE MEASUREMENTS

The Foundation accounts for certain assets and liabilities in accordance with FASB ASC 820, Fair Value Measurements and Disclosures, which establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

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Valuations within the hierarchy levels are based upon the following:

- Level 1:* Quoted market prices for identical instruments traded in active exchange markets.
- Level 2:* Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3:* Model-based techniques use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation, which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2021.

Money Market Funds: These assets are valued at the net asset value (NAV), generally \$1 per share, and are reported on the active market on which securities are traded.

Corporate Stocks, Corporate Fixed Income, and Government Securities: These assets are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: These assets are valued at the NAV reported on the active market on which the securities are traded.

The methods described above may produce a fair value calculation that 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 fair value measurement at the reporting date.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

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Fair values of assets measured on a recurring basis are as follows:

June 30, 2021	Fair Value	Level 1	Level 2	Level 3
Mutual Funds:				
Large-cap value funds	\$ 250,986	\$ 250,986	\$ -	\$ -
Large-cap blended funds	6,328,755	6,328,755	-	-
Large-cap growth funds	3,276,572	3,276,572	-	-
Moderate allocation funds	516,758	516,758	-	-
Mid-cap value funds	477,825	477,825	-	-
Mid-cap blend funds	595,109	595,109	-	-
Mid-cap growth funds	366,653	366,653	-	-
Small-cap blend funds	1,541,992	1,541,992	-	-
Foreign large blend funds	1,857,845	1,857,845	-	-
Foreign large value funds	711,683	711,683	-	-
Short-term bond funds	1,964,276	1,964,276	-	-
Long-term bond funds	189,955	189,955	-	-
Intermediate-term bond funds	2,297,421	2,297,421	-	-
Foreign bond funds	44,114	44,114	-	-
Stocks:				
Basic materials	250,870	250,870	-	-
Communications	546,723	546,723	-	-
Consumer	1,474,742	1,474,742	-	-
Energy	1,199,538	1,199,538	-	-
Financial services	1,259,039	1,259,039	-	-
Industrials	406,260	406,260	-	-
Real estate	759,133	759,133	-	-
Technology	379,845	379,845	-	-
Utilities	293,214	293,214	-	-
Bonds:				
Financial services	1,363,955	1,363,955	-	-
Industrials	1,003,067	1,003,067	-	-
Government securities	1,637,772	1,637,772	-	-
Money market funds	1,018,902	1,018,902	-	-
Contributions receivable	-	-	-	68,156
Contribution receivable - beneficial interest in remainder trust	1,141,761	-	-	1,141,761
Contribution receivable - beneficial interest in life insurance policy	9,314	-	-	9,314
Total	\$ 33,164,079	\$ 32,013,004	\$ -	\$ 1,219,231

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Assets measured at fair value on a recurring basis using significant, unobservable inputs (level 3):

Balance - July 1, 2020	\$ 2,116,337
Increase in beneficial interests in life insurance policy	1,705
Contributions received during the year	(1,049,205)
Total gains or (losses) - realized and unrealized	150,394
Balance - June 30, 2021	\$ 1,219,231

14. RETIREMENT PLAN

Effective February 1, 2014, the Foundation established a SIMPLE IRA plan (the Plan). The Plan is administered by American Funds and covers employees after they have earned at least \$5,000 per year during any two preceding years and who are expected to earn at least \$5,000 in the current year. Employees may make pre-tax contributions to their individual SIMPLE IRA accounts. The Foundation must match at least 1% of the eligible employees' annual salary up to the smaller of 3% of the employees' annual salary or actual employee contributions made during the fiscal year. For the year ended June 30, 2021, the Foundation made matching contributions of 3% of the annual salary of those participating in the Plan for a total of \$15,726.

15. COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The long-term impact of the pandemic on the Foundation's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to assess the overall impact of COVID-19 on the Foundation's future. However, if the pandemic continues to cause stay-at-home orders and market fluctuations, the disease could have a material adverse effect on the Foundation's service offerings, results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the Foundation's operations and financial performance.