

Community Foundation of the North State

Redding, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022



Community Foundation of the North State

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June 30, 2023 and 2022

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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 statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United State of America (GAAS). 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 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 for one year after the date that the financial statements are 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 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 2, 2023

Community Foundation of the North State
STATEMENTS OF FINANCIAL POSITION

June 30	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 216,986	\$ 4,924,417
Other receivables	-	118,518
Contributions receivable- current portion	230,335	483,595
Loans receivable - current portion	22,092	24,747
Prepaid expenses	-	6,482
Total Current Assets	469,413	5,557,759
Property and Equipment - Net	32,156	29,215
Other Assets		
Deposits	-	378
Beneficial interest in remainder trust	655,021	653,880
Beneficial interest in life insurance policy	12,598	11,177
Contributions receivable- net of current portion	303,987	497,362
Loans receivable - net of current portion	105,459	132,619
Long-term investments	32,378,801	26,766,979
Total Other Assets	33,455,866	28,062,395
TOTAL ASSETS	\$ 33,957,435	\$ 33,649,369
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,423	\$ 28,202
Grants payable	402,088	664,822
Contract advances	-	38,500
Accrued payroll and vacation	49,957	45,522
Total Liabilities	453,468	777,046
Net Assets		
Without donor restriction	2,354,043	2,115,424
With donor restriction	31,149,924	30,756,899
Total Net Assets	33,503,967	32,872,323
TOTAL LIABILITIES AND NET ASSETS	\$ 33,957,435	\$ 33,649,369

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

Community Foundation of the North State
STATEMENTS OF ACTIVITIES

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 164,810	\$ 3,801,792	\$ 3,966,602
Program service fees	614,817	-	614,817
Interest income	42,495	763,718	806,213
Realized gain on investment	12,995	60,681	73,676
Unrealized gain on investment	127,571	1,422,415	1,549,986
Investment fees	(7,204)	(119,185)	(126,389)
Change in value of life insurance policy	-	1,421	1,421
Change in value of remainder trust	-	1,140	1,140
Net assets released from restriction	5,538,957	(5,538,957)	-
Total Revenues, Gains, and Other Support	6,494,441	393,025	6,887,466
Expenses			
Grant distribution	5,094,661	-	5,094,661
Salaries	622,346	-	622,346
Occupancy expense	154,439	-	154,439
Payroll overhead	102,170	-	102,170
Contract services	13,995	-	13,995
Marketing and advertising	28,729	-	28,729
Classes - Leadership Redding	35,716	-	35,716
Taxes and fees	77,961	-	77,961
Legal and accounting	24,862	-	24,862
Insurance	17,624	-	17,624
Travel and lodging	16,766	-	16,766
Depreciation	15,146	-	15,146
Bad debt expense	10,000	-	10,000
Dues	13,241	-	13,241
Telephone/website	8,926	-	8,926
Office expenses	14,509	-	14,509
Other Expenses	4,731	-	4,731
Total Expenses	6,255,822	-	6,255,822
Change in Net Assets	238,619	393,025	631,644
Net Assets - Beginning of Year	2,115,424	30,756,899	32,872,323
Net Assets - End of Year	\$ 2,354,043	\$ 31,149,924	\$ 33,503,967

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

Community Foundation of the North State

STATEMENTS OF ACTIVITIES

(Continued)

Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 1,000,746	\$ 5,352,674	\$ 6,353,420
Program service fees	738,330	-	738,330
Interest income	46,813	1,067,616	1,114,429
Realized gain on investment	69,457	966,249	1,035,706
Unrealized loss on investment	(321,026)	(5,485,996)	(5,807,022)
Investment fees	(7,830)	(136,163)	(143,993)
Gain on insurance proceeds	-	-	-
Change in value of remainder trust	-	(487,881)	(487,881)
Other income	166,902	1,863	168,765
Net assets released from restriction	5,178,893	(5,178,893)	-
Total Revenues, Gains, and Other Support	6,872,285	(3,900,531)	2,971,754
Expenses and Losses			
Grant distribution	5,843,566	-	5,843,566
Salaries	565,180	-	565,180
Occupancy expense	149,687	-	149,687
Payroll overhead	107,250	-	107,250
Contract services	60,989	-	60,989
Marketing and advertising	37,057	-	37,057
Classes - Leadership Redding	36,871	-	36,871
Taxes and fees	22,086	-	22,086
Legal and accounting	21,620	-	21,620
Insurance	17,369	-	17,369
Travel and lodging	15,711	-	15,711
Depreciation	13,512	-	13,512
Dues	10,186	-	10,186
Telephone/website	9,079	-	9,079
Office expenses	5,130	-	5,130
Other Expenses	8,906	-	8,906
Total Expenses and Losses	6,924,199	-	6,924,199
Change in Net Assets	(51,914)	(3,900,531)	(3,952,445)
Net Assets - Beginning of Year	2,167,338	34,657,430	36,824,768
Net Assets - End of Year	\$ 2,115,424	\$ 30,756,899	\$ 32,872,323

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

Community Foundation of the North State
STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 631,644	\$ (3,952,445)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	15,146	13,512
(Gain) loss on disposal of property and equipment	126	-
Unrealized (gain) loss on investments	(1,549,986)	5,807,022
Realized (gain) loss on sale of investments	(73,676)	(1,035,707)
Interest and dividends reinvested - net of fees	(679,031)	(968,959)
Changes in:		
Other receivable	118,518	(118,518)
Contributions receivable	446,635	(912,801)
Loans receivable	29,815	30,903
Prepaid expenses	6,482	(3,232)
Deposits	378	-
Beneficial interest in remainder trust	(1,141)	487,881
Beneficial interest in life insurance policy	(1,421)	(1,863)
Accounts payable	(26,779)	50,143
Grants payable	(262,734)	(112,390)
Contract advances	(38,500)	(88,755)
Accrued payroll and vacation	4,435	(10,084)
Net Cash Used By Operating Activities	(1,380,089)	(815,293)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,213)	(7,366)
Net redemption of investments	(3,309,129)	1,443,669
Net Cash Provided (Used) By Investing Activities	(3,327,342)	1,436,303
Net Increase (Decrease) in Cash and Cash Equivalents	(4,707,431)	621,010
Cash and Cash Equivalents - Beginning of Year	4,924,417	4,303,407
Cash and Cash Equivalents - End of Year	\$ 216,986	\$ 4,924,417

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. As of October 2, 2023, Leadership Redding is no longer a program of the Foundation.

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. As of October 2, 2023, Women's Fund is no longer a program of the Foundation.

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 CFNSin medicine.

Other Programs: Other Programs is comprised of various programs including North State Giving Tuesday an online networking and giving event that provides nonprofit organizations in Shasta, Siskiyou, and Tehama counties the opportunity to gain exposure and start relationships with new donors. The event takes place annually on the Tuesday after Thanksgiving.

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)

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.

Other Receivables Other receivables include amounts due from the internal service for employee retention credits (ERC). The Foundation applied a total of \$166,902 ERC credits in 2021. The outstanding receivable amounts for the year ended June 30, 2023 and 2022, were \$0 and \$118,518, respectively. The total revenue of \$166,902 is included on the statement of activities in other income for the year ended June 30, 2022.

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, 2023 and 2022, 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 three 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.

Revenue Recognition 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 \$0 and \$21,250 that have not been recognized in revenue at June 30, 2023 and 2022, because qualifying expenditures have not yet been incurred or conditions have not yet been met.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 for the year ended June 30, 2023 and 2022 in the amount of \$0 and \$17,250, respectively, that have been included in contract advances on the statements 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, 2023 and 2022, totaled \$614,817 and \$738,330, respectively. There are no unassessed fees as of June 30, 2023 and 2022.

Donated Goods and 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.

In addition, the Foundation records any donated nonfinancial assets at the estimated fair market value at the time of donation and are designated as "in-kind donations."

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.

Change in Accounting Principle In February 2016 the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing requirements. The new standard established a right-of-use (ROU) model that required a lessee to recognize a ROU asset and lease liability on the balance sheet for most leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and method of the expense recognition in the statement of income.

The Foundation has implemented ASU No. 2016-02 effective July 1, 2022, and has adjusted the presentation in these financial statements accordingly using the modified retrospective adoption method, utilizing the simplified transition option available per ASU No. 2018-11, which allows companies to continue to apply the legacy guidance in ASC 840, including its disclosure requirements. The Foundation elected the package of practical expedients available under the transition provisions of the new lease standard, including (1) not reassessing whether expired or existing contracts contain leases, (2) not reassessing lease classifications, and (3) not revaluing initial direct costs for existing leases.

Subsequent Events The Foundation has evaluated subsequent events through October 2, 2023, the date the financial statements were available to be issued.

2. CONCENTRATIONS OF CREDIT RISK

The Foundation has diversified its credit risk for cash by maintaining deposits in several financial institutions. There was \$0 and \$103,962 in excess of deposit insurance at June 30, 2023 and 2022, respectively.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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		2023		2022
Cash and cash equivalents	\$	216,986	\$	4,924,417
Other receivable		-		118,518
Contributions receivable		230,335		483,595
Loans receivable - current portion		22,092		24,747
Total Financial Assets	\$	469,413	\$	5,551,277

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. During the fiscal year, Board and management approved a policy to invest cash in an investment account to earn greater interest. Although there was a significant decrease in cash and cash equivalents, the cash investment account saw a similar increase.

4. 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 years ended June 30, 2023 and 2022 was \$10,750 and \$750, respectively.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

June 30		2023		2022
Computer equipment and software	\$	97,539	\$	89,523
Less: Accumulated depreciation		65,383		60,308
Property and Equipment - Net	\$	32,156	\$	29,215

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Depreciation expense for the year ended June 30, 2023 and 2022, was \$15,146 and \$13,512, respectively.

6. 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.

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, 2023 and 2022, the present value of the future benefits were calculated using discount rates of 4.2% and 3.6%, estimated rates of return of 4.8% and 4.8%, and applicable mortality tables, respectively.

7. 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	2023	2022
Amounts to be Received in Future Periods		
McConnell Foundation building grant	\$ 36,960	\$ 36,546
McConnell Foundation operating support grant	497,362	712,534
Total Amounts to be Received in Future Periods	\$ 534,322	\$ 749,080
Amounts Restricted by Donor for Specific Purpose		
City of Redding ARPA Fund	\$ -	\$ 650,000
Harry Daniell Fund	996,329	884,261
Elmer H. Schmidt Christian Broadcasting Fund	963,004	630,224
Patricia L. Kimball and David T. Kimball Fund	727,589	779,301
Sherri Lint Charitable Remainder Unitrust	655,021	653,880
Ivy B. Horr Endowed Medical Education Fund	642,331	582,318
Knodel Family Endowment Fund	569,166	213,377
Other	6,567,300	6,410,588
Total Amounts Restricted by Donor for Specific Purpose	\$ 11,120,740	\$ 10,803,949

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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

June 30	2023	2022
Animal Welfare Endowment Fund	\$ 466,540	\$ 465,864
Burney Regional Community Fund Endowment	400,000	400,000
Clement Alan DeTourney Memorial Fund	580,879	580,879
Dr. Donald and Ann Gleason Memorial Scholarship	680,539	680,539
Elmer H. Schmidt Christian Broadcasting Fund	2,262,646	2,262,646
Ivy B. Horr Endowed Medical Education Fund	848,097	848,097
John and Mae Harrington Fund	612,010	612,010
Josephine Taylor Endowment Fund	732,348	732,348
Knodel Family Endowment Fund	4,197,517	4,197,516
Kohn Family Endowment	588,750	513,750
Patricia L. Kimball Endowment	1,015,054	1,015,053
Shasta County Board of Education Student Benefit Fund	1,076,000	1,076,000
Women's Endowment Fund of Redding	508,894	499,807
Other	5,525,588	5,319,361
Total Net Assets Requiring Investment in Perpetuity	\$ 19,494,862	\$ 19,203,870
Total Net Assets with Donor Restrictions	\$ 31,149,924	\$ 30,756,899

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

June 30, 2023	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Board-designated endowment fund	\$ 1,752,651	\$ -	\$ 1,752,651
Donor-restricted endowment funds	-	24,195,236	24,195,236
Total Endowment Net Assets	\$ 1,752,651	\$ 24,195,236	\$ 25,947,887
Endowment Net Assets - Beginning of Year	\$ 1,571,798	\$ 22,662,219	\$ 24,234,017
Contributions	58,899	291,034	349,933
Interest and dividend income - net of investment management fees	23,272	349,582	372,854
Realized gain on investment	12,016	42,963	54,979
Unrealized gain on investment	126,577	1,327,142	1,453,719
Amounts appropriated for expense	(39,911)	(477,704)	(517,615)
Endowment Net Assets - End of Year	\$ 1,752,651	\$ 24,195,236	\$ 25,947,887

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2022	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Board-designated endowment fund	\$ 1,571,798	\$ -	\$ 1,571,798
Donor-restricted endowment funds	-	22,662,219	22,662,219
Total Endowment Net Assets	\$ 1,571,798	\$ 22,662,219	\$ 24,234,017
Endowment Net Assets - Beginning of Year	\$ 1,735,905	\$ 26,633,440	\$ 28,369,345
Contributions	87,679	350,954	438,633
Interest and dividend income - net of investment management fees	38,410	876,997	915,407
Realized gain on investment	69,457	885,164	954,621
Unrealized loss on investment	(321,026)	(5,058,734)	(5,379,760)
Amounts appropriated for expense	(38,627)	(1,025,602)	(1,064,229)
Endowment Net Assets - End of Year	\$ 1,571,798	\$ 22,662,219	\$ 24,234,017

8. CONTRIBUTIONS

Contributions consisted of the following:

Year Ended June 30, 2023	Without Donor Restriction	With Donor Restriction	Total
Grants	\$ 102,668	\$ 5,449	\$ 108,117
Donations - net of administration fees	62,142	3,796,343	3,858,485
Sponsorships	-	-	-
Total Contributions	\$ 164,810	\$ 3,801,792	\$ 3,966,602

Year Ended June 30, 2022	Without Donor Restriction	With Donor Restriction	Total
Grants	\$ 905,740	\$ 82,031	\$ 987,771
Donations - net of administration fees	95,006	5,249,816	5,344,822
Sponsorships	-	20,827	20,827
Total Contributions	\$ 1,000,746	\$ 5,352,674	\$ 6,353,420

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

9. 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, 2023	Program Services						Supporting Activities			
	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	Total Expenses
Grant distribution	\$ 5,062,161	\$ -	\$ 32,500	\$ -	\$ -	\$ 5,094,661	\$ -	\$ -	\$ -	\$ 5,094,661
Salaries	106,675	-	-	16,364	66,843	189,882	134,084	298,380	432,464	622,346
Occupancy expense	26,046	209	-	4,633	23,166	54,054	38,610	61,775	100,385	154,439
Payroll overhead	17,513	-	-	2,687	10,974	31,174	22,012	48,984	70,996	102,170
Contract services	-	-	-	4,200	-	4,200	9,795	-	9,795	13,995
Marketing and advertising	6,403	779	-	-	2,873	10,055	-	18,674	18,674	28,729
Classes - Leadership Redding	-	35,716	-	-	-	35,716	-	-	-	35,716
Taxes and fees	9,347	-	3,906	2,339	11,694	27,286	19,490	31,185	50,675	77,961
Legal and accounting	6,216	-	-	-	-	6,216	12,430	6,216	18,646	24,862
Insurance	4,406	-	-	-	-	4,406	8,812	4,406	13,218	17,624
Travel and lodging	1,677	-	1,298	-	3,732	6,707	6,706	3,353	10,059	16,766
Depreciation	1,818	-	-	454	2,272	4,544	4,544	6,058	10,602	15,146
Bad debt expense	-	-	-	10,000	-	10,000	-	-	-	10,000
Dues	4,370	-	-	-	-	4,370	4,501	4,370	8,871	13,241
Telephone/website	1,041	-	30	268	1,339	2,678	2,678	3,570	6,248	8,926
Office expenses	1,321	-	420	435	2,176	4,352	4,353	5,804	10,157	14,509
Other expenses	568	-	-	142	710	1,420	1,419	1,892	3,311	4,731
Total Expenses	\$ 5,249,562	\$ 36,704	\$ 38,154	\$ 41,522	\$ 125,779	\$ 5,491,721	\$ 269,434	\$ 494,667	\$ 764,101	\$ 6,255,822

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

Year Ended June 30, 2022	Program Services						Supporting Activities					
	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	Total Expenses		
Grant distribution	\$ 5,806,066	\$ -	\$ 37,500	\$ -	\$ -	\$ 5,843,566	\$ -	\$ -	\$ -	\$ 5,843,566		
Salaries	128,685	21,234	30,081	24,659	64,682	269,341	22,519	273,320	295,839	565,180		
Occupancy expense	17,694	4,424	7,373	4,424	22,118	56,033	32,439	61,215	93,654	149,687		
Payroll overhead	-	406	-	-	-	406	106,844	-	106,844	107,250		
Contract services	2,670	-	1,585	4,200	36,511	44,966	-	16,023	16,023	60,989		
Marketing and advertising	9,240	-	98	-	3,696	13,034	-	24,023	24,023	37,057		
Classes - Leadership Redding	-	36,871	-	-	-	36,871	-	-	-	36,871		
Taxes and fees	2,099	761	874	540	6,931	11,205	3,885	6,996	10,881	22,086		
Legal and accounting	-	-	-	-	5,375	5,375	10,870	5,375	16,245	21,620		
Insurance	4,342	-	-	-	-	4,342	8,685	4,342	13,027	17,369		
Travel and lodging	1,526	451	-	-	4,578	6,555	6,104	3,052	9,156	15,711		
Depreciation	1,621	405	676	405	2,027	5,134	2,973	5,405	8,378	13,512		
Dues	3,295	-	300	-	-	3,595	3,296	3,295	6,591	10,186		
Telephone/website	1,342	335	687	336	1,678	4,378	2,461	2,240	4,701	9,079		
Office expenses	564	111	1,252	111	556	2,594	934	1,602	2,536	5,130		
Other expenses	1,206	-	116	-	2,093	3,415	2,825	2,666	5,491	8,906		
Total Expenses	\$ 5,980,350	\$ 64,998	\$ 80,542	\$ 34,675	\$ 150,245	\$ 6,310,810	\$ 203,835	\$ 409,554	\$ 613,389	\$ 6,924,199		

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)

10. OPERATING LEASES

The Foundation leases office space from the McConnell Foundation under a lease amendment signed February 9, 2023. The lease is a one-year extension of the original lease and expires December 31, 2023. The lease is a market-rate lease. Lease expense totaled \$73,506 and \$73,092 for the year ended June 30, 2023 and 2022 and is included in occupancy expense on the statement activities. These lease obligations are supported by a grant from The McConnell Foundation. Future lease obligations under the amended lease are as follows:

Year Ending June 30

2024	\$	37,140
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11. 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.

12. 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.

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.

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

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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, 2023 and 2022.

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.

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

June 30, 2023	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 1,005,281	\$ 1,005,281	\$ -	\$ -
Equities	12,876,545	12,876,545	-	-
Mutual funds	3,233,408	3,233,408	-	-
Fixed income and preferreds	10,818,261	10,818,261	-	-
Alternatives	3,726,406	3,726,406	-	-
Structured investments	718,900	718,900	-	-
Contributions receivable	534,322	-	-	534,322
Contribution receivable - beneficial interest in remainder trust	655,021	-	-	655,021
Contribution receivable - beneficial interest in life insurance policy	12,598	-	-	12,598
Loans receivable	127,551	-	-	127,551
Total	\$ 33,708,293	\$ 32,378,801	\$ -	\$ 1,329,492

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2022	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 289,240	\$ 289,240	\$ -	\$ -
Equities	13,120,838	13,120,838	-	-
Mutual funds	3,050,822	3,050,822	-	-
Fixed income and preferreds	6,511,277	6,511,277	-	-
Alternatives	3,089,825	3,089,825	-	-
Structured investments	704,977	704,977	-	-
Contributions receivable	980,957	-	-	980,957
Contribution receivable - beneficial interest in remainder trust	653,880	-	-	653,880
Contribution receivable - beneficial interest in life insurance policy	11,177	-	-	11,177
Loans receivable	157,366	-	-	157,366
Total	\$ 28,570,359	\$ 26,766,979	\$ -	\$ 1,803,380

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

Years Ended December 31	2023	2022
Contributions Receivable		
Beginning Balance	\$ 980,957	\$ 68,156
New contributions pledged	73,920	949,347
Contributions collected	(520,555)	(36,546)
Ending Balance	\$ 534,322	\$ 980,957

Years Ended December 31	2023	2022
Contribution Receivable - Beneficial Interest in Remainder Trust		
Beginning Balance	\$ 653,880	\$ 1,141,761
Increase (decrease) in present value	1,141	(487,881)
Ending Balance	\$ 655,021	\$ 653,880

Years Ended December 31	2023	2022
Contribution Receivable - Beneficial Interest in Life Insurance Policy		
Beginning Balance	\$ 11,177	\$ 9,314
Increase (decrease) in present value	1,421	1,863
Ending Balance	\$ 12,598	\$ 11,177

Community Foundation of the North State

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Years Ended December 31	2023	2022
Reconciliation of Loans Receivable		
Beginning Balance	\$ 157,366	\$ 188,270
Payments received	(29,393)	(40,904)
New loans issued	10,000	10,000
Loans written off	(10,422)	-
Ending Balance	\$ 127,551	\$ 157,366

13. 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 years ended June 30, 2023 and 2022, the Foundation made matching contributions of 3% of the annual salary of those participating in the Plan for a total of \$13,739 and \$13,588, respectively and is included in payroll overhead on the statement of activities.

14. RECLASSIFICATIONS

Certain reclassifications have been made to the June 30, 2022 balances for consistency in comparing to the June 30, 2023 balances.