

**COMMUNITY FOUNDATION OF  
NORTH CENTRAL WASHINGTON**

**Consolidated Financial Statements  
June 30, 2025**

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Community Foundation of North Central Washington  
Wenatchee, Washington

**Report on the Audits of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Community Foundation of North Central Washington and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Community Foundation of North Central Washington and its subsidiaries as of June 30, 2025 and 2024, and the changes in their net assets and 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 States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of Community Foundation of North Central Washington, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements**

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

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

### **Auditors' Responsibilities for the Audits of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment made by a reasonable user based on the consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Community Foundation of North Central Washington's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of North Central Washington'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Cordell, Neher & Company, PLLC*

Wenatchee, Washington  
November 18, 2025



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**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

## Consolidated Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
ASSETS		
ASSETS		
Cash and cash equivalents [Note 3]	\$ 181,901	\$ 1,347,854
Bequests and other receivables [Note 3]	26,960	3,404,675
Notes receivable [Notes 3, 4, and 6]	1,344,754	1,381,122
Investments [Notes 3, 5, and 6]	169,963,641	155,914,136
Prepaid expenses	49,682	4,312
Loans receivable [Note 7]	1,995,000	648,307
Fixed assets, net of accumulated depreciation [Note 8]	344,537	359,567
Operating lease right-of-use asset [Note 12]	88,232	120,749
	<u>\$ 173,994,707</u>	<u>\$ 163,180,722</u>
TOTAL ASSETS		
	<u>\$ 173,994,707</u>	<u>\$ 163,180,722</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 86,606	\$ 65,444
Grants and scholarships payable	1,826,626	2,037,026
Agency obligations [Notes 3, 5, 6 and 9]	72,834,592	70,023,897
Split-interest agreements [Notes 3, 6, and 10]	1,157,213	1,116,507
Operating lease right-of-use liability [Note 12]	96,857	125,924
	<u>76,001,894</u>	<u>73,368,798</u>
Total liabilities	76,001,894	73,368,798
NET ASSETS		
Without donor restrictions		
Donor advised	17,462,933	18,282,662
General/administrative	16,923,782	16,110,300
	<u>34,386,715</u>	<u>34,392,962</u>
Total without donor restrictions	34,386,715	34,392,962
With donor restrictions		
Charitable remainder trusts	575,068	603,968
Designated	23,156,759	18,847,190
Scholarship	27,905,216	24,640,259
Field of interest	11,956,236	11,314,940
Fiscal sponsorships	12,819	12,605
	<u>63,606,098</u>	<u>55,418,962</u>
Total with donor restrictions	63,606,098	55,418,962
Total net assets	<u>97,992,813</u>	<u>89,811,924</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 173,994,707</u>	<u>\$ 163,180,722</u>

See accompanying notes.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

## Consolidated Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2025 and 2024

	2025		
	Without donor restrictions	With donor restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 7,378,254	\$ 8,984,546	\$ 16,362,800
Investment return, net [Note 5]	3,020,496	12,369,413	15,389,909
Foundation administrative fee revenue	1,387,994	-	1,387,994
Other income (expense)	6,180	(257,798)	(251,618)
Net assets released from restriction	2,741,023	(2,741,023)	-
Subtotal	14,533,947	18,355,138	32,889,085
Less agency funds	-	(10,968,711)	(10,968,711)
Total support, revenue and reclassifications	14,533,947	7,386,427	21,920,374
<b>EXPENSES</b>			
Program services	21,104,385	-	21,104,385
Management and general	527,201	-	527,201
Fundraising	265,915	-	265,915
Subtotal	21,897,501	-	21,897,501
Less agency funds	(8,158,016)	-	(8,158,016)
Total expenses	13,739,485	-	13,739,485
CHANGE IN NET ASSETS	794,462	7,386,427	8,180,889
TRANSFERS BETWEEN FUNDS	(800,709)	800,709	-
NET ASSETS - BEGINNING OF YEAR	34,392,962	55,418,962	89,811,924
NET ASSETS - END OF YEAR	\$ 34,386,715	\$ 63,606,098	\$ 97,992,813

See accompanying notes.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

## Consolidated Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2025 and 2024

	2024		
	Without donor restrictions	With donor restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 13,165,474	\$ 8,341,483	\$ 21,506,957
Investment return, net [Note 5]	3,447,096	14,057,032	17,504,128
Foundation administrative fee revenue	1,266,086	-	1,266,086
Other income (expense)	8,674	(200,038)	(191,364)
Net assets released from restriction	2,999,264	(2,999,264)	-
Subtotal	20,886,594	19,199,213	40,085,807
Less agency funds	-	(13,127,028)	(13,127,028)
Total support, revenue and reclassifications	20,886,594	6,072,185	26,958,779
<b>EXPENSES</b>			
Program services	15,724,651	-	15,724,651
Management and general	430,562	-	430,562
Fundraising	253,919	-	253,919
Subtotal	16,409,132	-	16,409,132
Less agency funds	(3,577,386)	-	(3,577,386)
Total expenses	12,831,746	-	12,831,746
CHANGE IN NET ASSETS	8,054,848	6,072,185	14,127,033
TRANSFERS BETWEEN FUNDS	(291,403)	291,403	-
NET ASSETS - BEGINNING OF YEAR	26,629,517	49,055,374	75,684,891
NET ASSETS - END OF YEAR	\$ 34,392,962	\$ 55,418,962	\$ 89,811,924

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Consolidated Statements of Functional Expenses

For the Years Ended June 30, 2025 and 2024

	2025			Total
	Program	Management and general	Fundraising	
Grants and scholarships	\$ 20,708,888	\$ -	\$ -	\$ 20,708,888
Salaries	320,362	204,450	184,902	709,714
Payroll taxes and benefits [Note 13]	74,435	38,706	31,370	144,511
Professional fees	-	83,598	-	83,598
Occupancy [Note 12]	700	68,591	-	69,291
Advertising and promotion	-	9,157	49,643	58,800
Information technology	-	45,888	-	45,888
Travel	-	18,931	-	18,931
Depreciation	-	14,728	-	14,728
Office expenses	-	11,388	-	11,388
Insurance	-	11,210	-	11,210
Conferences, conventions, and meetings	-	4,664	-	4,664
Miscellaneous	-	15,890	-	15,890
<b>Total</b>	<b>\$ 21,104,385</b>	<b>\$ 527,201</b>	<b>\$ 265,915</b>	<b>\$ 21,897,501</b>

  

	2024			Total
	Program	Management and general	Fundraising	
Grants and scholarships	\$ 15,385,458	\$ -	\$ -	\$ 15,385,458
Salaries	270,244	168,525	163,344	602,113
Payroll taxes and benefits [Note 13]	68,418	44,663	29,619	142,700
Professional fees	-	27,592	-	27,592
Occupancy [Note 12]	531	51,154	-	51,685
Advertising and promotion	-	13,547	60,956	74,503
Information technology	-	46,065	-	46,065
Travel	-	13,853	-	13,853
Depreciation	-	14,890	-	14,890
Office expenses	-	22,008	-	22,008
Insurance	-	11,247	-	11,247
Conferences, conventions, and meetings	-	4,770	-	4,770
Miscellaneous	-	12,248	-	12,248
<b>Total</b>	<b>\$ 15,724,651</b>	<b>\$ 430,562</b>	<b>\$ 253,919</b>	<b>\$ 16,409,132</b>

See accompanying notes.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

## Consolidated Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, grants, fees, and other income	\$ 16,772,828	\$ 14,397,566
Cash paid to award recipients, suppliers, and employees	(23,281,574)	(17,407,324)
Net cash received from (paid to) agencies	3,534,451	4,603,396
Interest and dividends received	5,001,408	4,931,358
	<u>2,027,113</u>	<u>6,524,996</u>
Net cash provided (used) by operating activities	2,027,113	6,524,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	21,766,348	3,679,573
Purchase of investments	(23,655,514)	(12,142,220)
Advance on loans receivable	(1,465,000)	(1,080,000)
Principal received on loans receivable	118,307	931,693
Principal received on notes receivable	42,793	45,580
	<u>(3,193,066)</u>	<u>(8,565,374)</u>
Net cash provided (used) by investing activities	(3,193,066)	(8,565,374)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,165,953)	(2,040,378)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,347,854</u>	<u>3,388,232</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 181,901</u>	<u>\$ 1,347,854</u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

## Consolidated Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 8,180,889	\$ 14,127,033
Noncash and nonoperating (income) expense		
Realized (gain) loss on investments	(1,272,675)	(4,518,598)
Unrealized (gain) loss on investments	(10,894,089)	(9,838,404)
(Gain) loss on disposal of fixed assets	302	-
Change in value of split-interest agreements	150,842	120,354
Depreciation	14,728	14,890
Agency transactions	(723,756)	4,946,246
Occupancy expense	3,450	5,175
(Increase) decrease in operating assets		
Receivables	3,377,715	(2,992,988)
Prepaid expenses	(45,370)	(82)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	21,162	11,101
Grants and scholarships payable	(210,400)	91,531
Agency obligations	3,534,451	4,603,396
Split-interest agreements	(110,136)	(44,658)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,027,113</u>	<u>\$ 6,524,996</u>

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 1 - ORGANIZATION

The Community Foundation of North Central Washington (the Foundation) is a nonprofit organization established in 1986. The Foundation attracts a broad range of contributions, manages long term charitable gifts, and provides grants and scholarships to nonprofit organizations and individuals in Chelan, Douglas and Okanogan counties of Washington State. The Foundation works to develop and maintain a supportive environment for philanthropy in the communities it serves.

The consolidated financial statements include the accounts of the Foundation, CFNCW Property Holdings, LLC, (a holding company for donated real property), and 9 South Wenatchee Avenue, LLC (collectively referred to as the Foundation). All of the financial activities and balances of these organizations are included in the consolidated financial statements. All significant inter-organization accounts and transactions have been eliminated.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under this method of accounting, support and revenue is recognized when earned and expenses are recognized when goods or services are received, whether or not paid.

#### B. Financial statement presentation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions** are not subject to donor-imposed restrictions 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 trustees.

**Net assets with donor restrictions** are 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, where by 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 in the consolidated statements of activities and changes in net assets.

#### C. Measure of operations

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing fundraising and grant-making efforts and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Cash and cash equivalents

For purposes of the consolidated statements of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash. Cash and short-term investments held with brokers or in investment pools are considered to be investments.

#### E. Bequests receivable

Bequests are recorded as contribution revenue when the Foundation is notified of its beneficiary status, the bequest becomes irrevocable, and the Foundation's interest can be estimated. If the value of the Foundation's interest cannot be estimated, contribution revenue is recognized when distributions are received. Bequests expected to be received within one year or less at June 30, 2025 and 2024, were \$2,500 and \$3,400,000, respectively.

#### F. Investments

Investments are recorded at fair value and are generally held in custodial investment accounts administered by certain financial institutions. See Note 6 for information on fair value measurements.

Investments are made according to the investment policy adopted by the board of trustees. The policy provides guidelines for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside parties are contracted by the Foundation for the purpose of providing investment management and consulting.

The Foundation, in most cases, pools its endowment funds in order to obtain greater investment leverage and for more efficient administration. The allocation of income, realized and unrealized gains or losses from pooled investments, is calculated based on the average monthly percent share of each fund's balance in the pool.

Investments in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

#### G. Property and equipment

The Foundation capitalizes all furniture and equipment in excess of \$5,000. Purchases are recorded at cost and donated property is recorded at fair value at the time it is received. Assets are depreciated by the straight-line method over estimated useful lives.

#### H. Leases

Leases with a term of 12 months or less, which do not contain an option to purchase the underlying asset that the Foundation is reasonably certain to exercise, are expensed on a straight-line basis over the lease term and do not have right-of-use assets or lease liabilities recognized on the consolidated statements of financial position.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. Leases (continued)

Leases with terms greater than 12 months, unless the present value of lease right-of-use assets is less than the Foundation's capitalization threshold, will recognize right-of-use assets and lease liabilities on the consolidated statements of financial position based on the present value of future cash outflows over the non-cancelable lease term, calculated at the commencement of the lease and using a risk-free discount rate as determined by management.

#### I. Donated investments

Donated investments are recorded at fair value on the date received and are typically converted to cash immediately thereafter.

#### J. Contributed nonfinancial assets

Contributed nonfinancial assets consist primarily of outside services provided by an expansive volunteer base. They are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Foundation receives services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the consolidated statements of activities and changes in net assets for these activities because the criteria for recognition have not been satisfied.

From time to time, the Foundation may receive other contributed nonfinancial assets, such as property and equipment. These contributions are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

#### K. Revenue recognition

The Foundation's primary sources of income are contributions from the general public, earnings on investments, and administrative fees charged to the funds it services. Contributions are accounted for under ASC Subtopic 658-605, Not-for-Profit Entities: Revenue Recognition (ASC 958-605), recognizing revenue at the time of the gift if no donor restriction or barriers to the conditional receipt of a grant have been established in their underlying agreements, or over the course of time as barriers are overcome or donor restrictions have been satisfied if those conditions have been established.

Administrative fees are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Investment income consists of interest, dividends, and realized and unrealized gains and losses on investment holdings. These revenues are recorded when earned or incurred.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### L. Functional expenses

Expenses incurred by the Foundation that apply to more than one functional category are allocated as follows:

- **Program services** - Includes support and education to other not-for-profit organizations, research on the local not-for-profit field, and philanthropic leadership.
- **Management and general** - Includes expenses that benefit the Foundation as an entity, governance, management, and administration.
- **Fundraising** - Includes originating and stewarding relationships with donors.

Expenses are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on time spent on these functions by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

#### M. Grants

Grants are approved by the board of trustees of the Foundation in accordance with their respective bylaws and guidelines. Typically grants and distributions are recorded in the consolidated financial statements when approved. However, grants approved by the board of trustees that are payable upon the performance of specified conditions by the grantee are not reflected in grants payable in the consolidated financial statements until such time as those conditions are satisfied.

The board of trustees has endorsed a "total return" concept with respect to the fund investments and grants. In compliance with that approach, the board of trustees reviews and establishes a "spending policy rate" on an annual basis. The spending policy is designed to average out the available funds for grants in all years regardless of investment return fluctuations. The rate for 2025 and 2024, was 6.5%. To calculate the amount available for grants, the rate is multiplied by the average of the three preceding years ending balances of the market value of the pooled investment funds.

#### N. Fundraising and promotion

Fundraising and promotion costs are expensed as incurred. For 2025 and 2024, the Foundation recognized fundraising and promotion expenses of \$265,915 and \$253,919, respectively.

#### O. Advertising

The Foundation expenses advertising costs as incurred or the first time the advertising takes place. For 2025 and 2024, the Foundation recognized advertising expenses of \$9,157 and \$13,547, respectively.

#### P. Transfers between funds

Transfers between funds represents amounts that have been contributed (granted) from one fund to another due to donor requests or for reimbursements of expenditures.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Q. Federal tax status

The Foundation operates as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for Federal income tax is presented. The Foundation has also been classified as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC.

The Foundation has adopted the provisions of FASB ASC 740-10. Management has evaluated the Foundation's tax positions and concluded the Foundation has taken no uncertain tax positions requiring adjustment to the consolidated financial statements to comply with these provisions. With few exceptions, the Foundation is no longer subject to income tax examinations by U.S. Federal tax authorities for the years before 2021.

#### R. Concentrations of credit risk

Management anticipates no material effect to the Foundation's consolidated statements of financial position as a result of cash, mutual funds, and investments held in banks in excess of the available federally insured amounts.

#### S. Concentration of agency funds

At June 30, 2025 and 2024, approximately 57% and 55%, respectively, of the Foundation's agency funds are from three organizations.

#### T. Consolidated statements of cash flows

Cash receipts resulting from the sale of donated financial assets that were converted nearly immediately into cash are classified as operating cash flows.

#### U. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year at June 30, 2025 and 2024, comprise the following:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 181,901	\$ 1,347,854
Bequests and other receivables	26,960	3,404,675
Notes receivable	1,344,754	1,381,122
Investments	<u>169,963,641</u>	<u>155,914,136</u>
Financial assets at year end	171,517,256	162,047,787
Less those unavailable for general expenditure within one year		
Amounts held for agency obligations	72,834,592	70,023,897
Cash and investments reserved for split-interest agreements	1,791,040	1,707,886
Endowment investments	<u>63,018,211</u>	<u>54,802,389</u>
	<u>137,643,843</u>	<u>126,534,172</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 33,873,413</u></u>	<u><u>\$ 35,513,615</u></u>

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments.

**NOTE 4 - NOTES RECEIVABLE**

	<u>2025</u>	<u>2024</u>
A note receivable from Jose Carlos Cruz, secured by a deed of trust on real property in Douglas County, Washington, is due in monthly installments of \$6,173, including interest at 5%. The note is due March 2028. The receivable is adjusted by a discount of 15% due to a lack of marketability.	\$ 920,838	\$ 945,394
A note receivable from Brad and Nikki Murison, secured by a deed of trust on real property in Douglas County, Washington, is due in annual installments of \$30,000, including interest at 4.5%. The note is due October 2051. The receivable is adjusted by a discount of 15% due to a lack of marketability.	386,911	395,174

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 4 - NOTES RECEIVABLE (continued)**

	<u>2025</u>	<u>2024</u>
A note receivable from Ronald and Debra Van Winkle, secured by a deed of trust on real property in Clallam County, Washington, is due in monthly installments of \$581, including interest at 6%. The note is due April 2033. The receivable is adjusted by a discount of 15% due to a lack of marketability.	\$ 37,005	\$ 40,554
Total notes receivable	<u>\$ 1,344,754</u>	<u>\$ 1,381,122</u>

A summary of expected future principal payments on the notes receivable is as follows:

Year Ending June 30,	
2026	\$ 35,339
2027	37,151
2028	1,069,682
2029	26,658
2030	11,314
Thereafter	<u>401,913</u>
	1,582,057
Less lack of marketability discount	<u>(237,303)</u>
Total	<u>\$ 1,344,754</u>

The Foundation does not actively seek notes receivable as an investment strategy but accepts donated notes if they appear economically sound when offered. These investment notes receivable are reported on the consolidated statements of financial position at their estimated fair value. Interest on notes receivable is recognized over the term of the note and is calculated using the simple-interest method on the principal outstanding.

**NOTE 5 - INVESTMENT RETURN**

Investments are carried at estimated fair value on the consolidated statements of financial position. Equity, fixed income and money market pooled endowment funds with readily determinable fair value are reported at estimated fair value based on quoted market prices. Investments received through gifts are recorded at estimated fair value at the date of donation.

Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 5 - INVESTMENT RETURN (continued)

Returns on investments for 2025 and 2024 were as follows:

	2025	2024
Interest and dividend income	\$ 5,001,408	\$ 4,931,358
Realized gain (loss) on investments	1,272,675	4,518,598
Unrealized gain (loss) on investments	10,894,089	9,838,404
Investment expenses	<u>(1,778,263)</u>	<u>(1,784,232)</u>
Subtotal	15,389,909	17,504,128
Less agency funds	<u>(6,740,547)</u>	<u>(7,814,311)</u>
Total	<u>\$ 8,649,362</u>	<u>\$ 9,689,817</u>

### NOTE 6 - FAIR VALUE MEASUREMENTS

U.S. GAAP uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. All of the Foundation's Level 1 assets have been valued using a market approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Foundation does not have any financial liabilities classified as Level 1.

Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. The Foundation does not have any financial assets and liabilities classified as Level 2.

Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable. The Foundation's Level 3 financial assets and liabilities were valued as follows:

**Notes receivable** - This financial asset is valued using the income approach based on a discounted cash flow model due to lack of security and marketability. See Note 4 for additional disclosures related to notes receivable.

**Agency obligations** - This financial liability is valued using the market approach and calculated by determining the sum of the average percentage share of each agency's fund balance, or net asset value, in the Foundation's pooled investments. See Note 9 for additional disclosures related to agency obligations.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

**Split-interest agreements** - This financial liability is valued using the income approach and calculated at present value using a risk-free rate and life expectancy (evaluated each year) and the anticipated cash flow. The risk-free rate is generally calculated using the U.S. Treasury rates for a similar period of time. The life expectancy is generally determined using the Internal Revenue Service’s (IRS) mortality tables (or other tables) for the appropriate terms of the agreement. Cash flows are generally based on the appropriate percentage of the fair value of the trust assets held at the Foundation’s fiscal year end.

Quantitative information about the Foundation’s split-interest agreements at June 30, 2025 and 2024, is as follows:

<u>Valuation techniques</u>	<u>Unobservable input</u>	<u>Range (Weighted average)</u>
Discounted cash flow	Discount rates	5% to 8%
	Life expectancy	6 to 19 years

There were no transfers between Level 1, 2, and 3 financial assets and liabilities during 2025 and 2024.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

Fair values of assets and liabilities measured on a recurring basis at June 30, 2025 and 2024, were as follows:

	Fair Value Measurements at June 30, 2025			Total
	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets</b>				
Equities				
U.S. large and mid-cap	\$ 62,731,956	\$ -	\$ -	\$ 62,731,956
U.S. small cap	15,888,464	-	-	15,888,464
International equities	24,835,882	-	-	24,835,882
Fixed income				
Bond funds	42,228,707	-	-	42,228,707
Mortgage pools	60,120	-	-	60,120
Cash and cash equivalents				
Money market funds	9,284,328	-	-	9,284,328
Total assets in fair value hierarchy	<u>\$ 155,029,457</u>	<u>\$ -</u>	<u>\$ -</u>	155,029,457
Alternative investments measured at NAV practical expedient				<u>14,934,184</u>
Total investments				<u>\$ 169,963,641</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344,754</u>	<u>\$ 1,344,754</u>
<b>Liabilities</b>				
Agency obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,834,592</u>	<u>\$ 72,834,592</u>
Split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,213</u>	<u>\$ 1,157,213</u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

	Fair Value Measurements at June 30, 2024			
	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets</b>				
Equities				
U.S. large and mid-cap	\$ 56,321,241	\$ -	\$ -	\$ 56,321,241
U.S. small cap	15,107,214	-	-	15,107,214
International equities	21,549,484	-	-	21,549,484
Fixed income				
Bond funds	39,269,775	-	-	39,269,775
Mortgage pools	65,733	-	-	65,733
Cash and cash equivalents				
Money market funds	9,329,826	-	-	9,329,826
Total assets in fair value hierarchy	<u>\$ 141,643,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>141,643,273</u>
Alternative investments measured at NAV practical expedient				<u>14,270,863</u>
Total investments				<u>\$ 155,914,136</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,381,122</u>	<u>\$ 1,381,122</u>
<b>Liabilities</b>				
Agency obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,023,897</u>	<u>\$ 70,023,897</u>
Split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,116,507</u>	<u>\$ 1,116,507</u>

There were no assets or liabilities measured on a non-recurring basis as of June 30, 2025 and 2024.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities for fair value measurements, was made using significant observable inputs (Level 3) for the years ended June 30, 2025 and 2024, were as follows:

	Reconciliation of Level 3 assets and liabilities for the years ended June 30, 2025 and 2024		
	Notes receivable	Agency obligations	Split- interest agreements
Balance at July 1, 2023	\$ 1,419,865	\$ 60,474,255	\$ 1,040,811
Contributions	-	5,337,831	-
Investment return, net	6,837	7,814,311	-
Actuarial adjustment	-	-	120,354
Principal payments received	(45,580)	-	-
Other income (expense)	-	(25,114)	(44,658)
Grants	-	(3,577,386)	-
Balance at June 30, 2024	1,381,122	70,023,897	1,116,507
Contributions	-	4,245,545	-
Investment return, net	6,425	6,740,547	-
Actuarial adjustment	-	-	150,842
Principal payments received	(42,793)	-	-
Other income (expense)	-	(17,381)	(110,136)
Grants	-	(8,158,016)	-
Balance at June 30, 2025	<u>\$ 1,344,754</u>	<u>\$ 72,834,592</u>	<u>\$ 1,157,213</u>

ASC Topic 820 requires additional disclosures for investments value at net asset value (NAV) to enable users of financial statements to understand the nature and risks of those investments. At June 30, 2025 and 2024, the Foundation's investments valued at NAV were as follows:

	Fair value at June 30, 2025	Unfunded commitments	Redemption frequency	Redemption notice period
Units held in common trusts	\$ 14,210,881	\$ -	Daily	30 days
Private equity limited partnerships	723,303	337,250	Not permitted	None
Total alternative investments	<u>\$ 14,934,184</u>	<u>\$ 337,250</u>		

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 6 - FAIR VALUE MEASUREMENTS (continued)**

	Fair value at June 30, 2024	Unfunded commitments	Redemption frequency	Redemption notice period
Units held in common trusts	\$ 13,287,314	\$ -	Daily	30 days
Private equity limited partnerships	983,549	337,250	Not permitted	None
Total alternative investments	<u>\$ 14,270,863</u>	<u>\$ 337,250</u>		

Units held in common trusts (CT) are valued using the NAV practical expedient of the CT as reported by the CT managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the CT, minus its liabilities, and then divided by the number of units outstanding. Withdrawals are subject to a 30-day notice for withdrawals on the 15th of each month.

Underlying holdings of private equity limited partnership units are valued using NAV as a starting point to establish fair value. The investment is generally valued according to the estimated fair value, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to the financial condition and operating results of the investment, the amount the fund can reasonably expect to realize upon the same of an investment, and any other factors deemed relevant. The fund is valued at NAV as reported by the fund manager. There are no redemption rights available for investors other than the liquidation of assets held by the fund, which will result in a distribution of capital to investors. At June 30, 2025 and 2024, the Foundation had \$337,250 of unfunded commitments. This represents the Foundation's commitment to make additional investments in the partnerships.

**NOTE 7 - LOANS RECEIVABLE**

A Field of Interest fund was established by a donor for the purpose of providing loans to eligible not-for-profit entities to facilitate in the acquisition of conservation property or easements. The following table summarizes loans receivable at June 30, 2025 and 2024:

	2025	2024
In December 2024, the Foundation provided an unsecured promissory note to Great Peninsula Conservancy for \$500,000. The note calls for annual interest-only installments at a rate of 1% beginning in December 2025 and is due in full, including any unpaid accrued interest, in December 2027.	\$ 500,000	\$ -
In September 2023, the Foundation provided an unsecured promissory note to Whatcom Land Trust for \$330,000. The note calls for annual interest-only installments at a rate of 1% beginning in September 2024 and is due in full, including any unpaid accrued interest, in September 2026.	330,000	330,000

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 7 - LOANS RECEIVABLE (continued)**

	2025	2024
In June 2025, the Foundation provided an unsecured promissory note to Chelan Douglas Volunteer Attorney Services for \$300,000. The entire principal balance, in addition to a fee equal to 1% of the principal, is due in full in June 2026.	300,000	-
In January 2025, the Foundation provided an unsecured promissory note to Capitol Land Trust for \$280,000. The note calls for annual interest-only installments at a rate of 1% beginning in January 2026 and is due in full, including any unpaid accrued interest, in January 2028.	280,000	-
In September 2023, the Foundation provided an unsecured promissory note to Mt. Adams Resource Stewards for \$250,000. The note calls for annual interest-only installments at a rate of 1% beginning in September 2024 and is due in full, including any unpaid accrued interest, in September 2026.	200,000	250,000
In June 2025, the Foundation provided an unsecured promissory note to Housing Authority of Okanogan County for \$200,000. The entire principal balance, in addition to a fee equal to 1% of the principal, is due in full in June 2026.	200,000	-
In March 2025, the Foundation provided an unsecured promissory note to Sustainable NCW for \$185,000. The entire principal balance is due in full in December 2025.	185,000	-
In August 2023, the Foundation provided an unsecured promissory note to Inland Northwest Land Conservancy for \$500,000. The note calls for annual interest-only installments at a rate of 1% beginning in August 2024 and is due in full, including any unpaid accrued interest, in August 2026.	-	68,307
Total loans receivable	\$ 1,995,000	\$ 648,307

A summary of expected future principal payments on the loans receivable is as follows:

Year Ending June 30,	
2026	\$ 1,215,000
2027	500,000
2028	280,000
Total	\$ 1,995,000

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 8 - FIXED ASSETS

	2025	2024
Land	\$ 68,000	\$ 68,000
Buildings and building improvements	463,003	463,003
Furniture and equipment	84,182	86,772
Total cost	615,185	617,775
Less accumulated depreciation	270,648	258,208
Total fixed assets	<u>\$ 344,537</u>	<u>\$ 359,567</u>

Depreciation expense was \$14,728 and \$14,890 for 2025 and 2024, respectively.

### NOTE 9 - AGENCY OBLIGATIONS

A not-for-profit organization may establish a fund at the Foundation with its own resources and specify itself as the beneficiary of that fund. The Foundation refers to such funds as agency funds. In accordance with U.S. GAAP, the Foundation accounts for the transfer of such assets as a liability.

At June 30, 2025 and 2024, the Foundation has agency funds with a combined fair value of \$72,834,592 and \$70,023,897, respectively. All financial activity for the years then ended related to these funds is segregated on the consolidated statements of activities and changes in net assets and has been included in the agency obligations liability on the consolidated statements of financial position.

### NOTE 10 - SPLIT-INTEREST AGREEMENTS

U.S. GAAP requires that assets held in charitable gift annuities and charitable remainder trusts be recorded as follows:

**Charitable gift annuities** - Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount over the life of the beneficiary to individuals or organizations designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by the Foundation. At June 30, 2025 and 2024, the Foundation had three gift annuities. Underlying investments were valued at \$77,686 and \$70,171, respectively. The corresponding liability for payments to other beneficiaries was determined to be \$49,202 and \$54,306, respectively. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of the payments to beneficiaries was calculated by using current life expectancy tables and discount rates in place at the time of the gift.

**Charitable remainder trusts** - Under the Foundation's Charitable Remainder Trust (CRT) program, a donor establishes and funds a trust with specified distributions to be made to the donor and/or other beneficiaries over the trust's term. The Foundation will receive the amounts remaining in a CRT at the end of the trust's stated term.

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 10 - SPLIT-INTEREST AGREEMENTS (continued)**

Upon formation of an irrevocable CRT when the Foundation is the trustee, the fair value of the trust assets received are recorded as an asset, the net present value of the actuarially determined charitable interest is recorded as a contribution, and the difference is recorded as a liability. Subsequently, changes in the fair value and changes in the estimated liability are recognized in the consolidated statements of activities. Included in investments at June 30, 2025 and 2024, are CRT's with a fair value of \$1,713,354 and \$1,637,714, respectively, and a corresponding liability of \$1,108,011 and \$1,062,201, respectively.

As an issuer of charitable gift annuities, the Foundation has maintained minimum reserves as required by Washington State law.

**NOTE 11 - ENDOWMENT**

The Foundation's endowment funds consist of funds established for a variety of purposes. The Foundation considers a fund that was established to provide ongoing support for charitable purposes to be an endowment fund. Its endowment funds include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In the absence of donor restrictions, the Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA). UPMIFA abolishes the historic dollar value and allows the Foundation to spend as much of an endowment fund as it determines to be prudent, regardless of whether the fund value is below its historic dollar value.

At June 30, 2025 and 2024, endowment net assets consisted of the following:

	<u>Endowment net assets at June 30, 2025</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 63,018,211	\$ 63,018,211
Board designated quasi-endowment funds	15,841,417	-	15,841,417
Net endowment assets	<u>\$ 15,841,417</u>	<u>\$ 63,018,211</u>	<u>\$ 78,859,628</u>
	<u>Endowment net assets at June 30, 2024</u>		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 54,802,389	\$ 54,802,389
Board designated quasi-endowment funds	11,872,235	-	11,872,235
Net endowment assets	<u>\$ 11,872,235</u>	<u>\$ 54,802,389</u>	<u>\$ 66,674,624</u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

**NOTE 11 - ENDOWMENTS (continued)**

Changes in endowment net assets are as follows:

	Changes to endowment net assets for the years ended June 30, 2025 and 2024		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, July 1, 2023	\$ 8,940,788	\$ 48,134,626	\$ 57,075,414
Investment return			
Interest and dividends, net of fees	284,228	1,108,887	1,393,115
Realized and unrealized gain (loss)	<u>1,047,598</u>	<u>4,963,591</u>	<u>6,011,189</u>
Total investment return	1,331,826	6,072,478	7,404,304
Contributions	221,727	2,938,452	3,160,179
Appropriated for expenditure	(619,636)	(2,594,264)	(3,213,900)
Net transfers to (from) endowments	<u>1,997,530</u>	<u>251,097</u>	<u>2,248,627</u>
Endowment net assets, June 30, 2024	11,872,235	54,802,389	66,674,624
Investment return			
Interest and dividends, net of fees	293,190	1,177,412	1,470,602
Realized and unrealized gain (loss)	<u>959,517</u>	<u>4,278,490</u>	<u>5,238,007</u>
Total investment return	1,252,707	5,455,902	6,708,609
Contributions	3,195,296	4,720,846	7,916,142
Appropriated for expenditure	(76,944)	(2,741,023)	(2,817,967)
Net transfers to (from) endowments	<u>(401,877)</u>	<u>780,097</u>	<u>378,220</u>
Endowment net assets, June 30, 2025	<u>\$ 15,841,417</u>	<u>\$ 63,018,211</u>	<u>\$ 78,859,628</u>

**Interpretation of relevant law** - The Foundation has interpreted the enacted version of UPMIFA for Washington State and determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary is appropriate. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 11 - ENDOWMENTS (continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). The Foundation has interpreted UPMIFA to permit spending from endowment funds with deficits of this nature in accordance with prudent measures required under law.

Funds with deficiencies are held in net assets with donor restrictions as follows:

	<u>2025</u>	<u>2024</u>
Fair value of funds with deficiencies	\$ 1,306,311	\$ 1,098,101
Original endowment gift amount	<u>1,596,574</u>	<u>1,406,523</u>
Total funds with deficiencies	<u>\$ (290,263)</u>	<u>\$ (308,422)</u>

**Return objectives and risk parameters** - The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Foundation board of trustees, the endowment assets are invested as follows:

<u>Asset class</u>	<u>Long-term range</u>
Equities	55% - 65%
Fixed income	35% - 45%

The Foundation expects its endowment funds in aggregate, over time, to exceed the rate of inflation by three percent. Actual returns in any given year may vary from this amount.

## COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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### NOTE 11 - ENDOWMENTS (continued)

**Strategies employed for achieving objectives** - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's investment policy guidelines for all investments is reviewed and reconfirmed or revised on a periodic basis. Performance of the Foundation's investments and the Foundation's investment manager is reviewed by the Foundation's board of trustees at least on a yearly basis.

**Spending policy and how the investment objectives relate to spending policy** - The Foundation uses the moving average method of determining year-to-year spending in order to smooth distributions from the aggregate portfolio. The portfolio value will be determined based on a three-year moving average of portfolio market value, with a budgeting lead of one year. The Foundation's investment committee can set the spending rate up to 8.5% of the portfolio value.

### NOTE 12 - OPERATING LEASE

The Foundation entered into a two-year operating lease agreement which commenced January 1, 2024 and expires December 31, 2025. The agreement contains an option to extend the lease for an additional two-year term which the Foundation is reasonably certain to exercise. Monthly rent for the initial term is \$2,250.

The Foundation made the accounting policy election to use a risk free rate in lieu of its incremental borrowing rate. The weighted-average discount rate applied to calculate the lease liability at lease inception was 4.33%.

Total rents on all cancelable and non-cancelable leases were \$35,050 and \$18,675 for 2025 and 2024, respectively. As of June 30, 2025, the weighted average remaining lease term for the Foundation was 2.5 years.

The following is a maturity analysis of the annual discounted cash flows of the operating lease right-of-use liability at June 30, 2025:

For the Year Ending June 30,

2026	\$	40,800
2027		40,800
2028		<u>20,400</u>
Total undiscounted cash flows		102,000
Less present value discount		<u>(5,143)</u>
Total operating lease right-of-use liability	\$	<u><u>96,857</u></u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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**NOTE 13 - RETIREMENT PLAN**

Effective January 1, 2022, the Foundation adopted a SIMPLE IRA plan that allows eligible employees to contribute to the plan up to the deferral limit by requesting amounts be withheld from their salary. The Foundation matches employee contributions up to 3% of their compensation.

Employer contributions to these plans were \$19,457 and \$17,774 for 2025 and 2024, respectively.

**NOTE 14 - SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through November 18, 2025, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Trustees  
Community Foundation of North Central Washington  
Wenatchee, Washington

We have audited the consolidated financial statements of Community Foundation of North Central Washington as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated November 18, 2025, which appears on pages 1 and 2 and contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplementary information appearing on pages 30 to 36 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CordeLL, Neher & Company, PLLC*

Wenatchee, Washington  
November 18, 2025

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Combining Statements of Financial Position

June 30, 2025 and 2024

	2025					Consolidated
	CFNCW	9 S. Wenatchee, LLC	CFNCW Property Holdings LLC	Charitable Gift Annuities	Eliminating entries	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 184,093	\$ -	\$ 251	\$ (2,443)	\$ -	\$ 181,901
Bequests and other receivables	26,960	-	-	-	-	26,960
Notes receivable	1,344,754	-	-	-	-	1,344,754
Investments	170,224,755	-	-	77,686	(338,800)	169,963,641
Prepaid expenses	49,682	-	-	-	-	49,682
Loan receivable	1,995,000	-	-	-	-	1,995,000
Fixed assets, net of accumulated depreciation	22,081	322,456	-	-	-	344,537
Operating lease right-of-use asset	88,232	-	-	-	-	88,232
<b>TOTAL ASSETS</b>	<b>\$ 173,935,557</b>	<b>\$ 322,456</b>	<b>\$ 251</b>	<b>\$ 75,243</b>	<b>\$ (338,800)</b>	<b>\$ 173,994,707</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 86,606	\$ -	\$ -	\$ -	\$ -	\$ 86,606
Grants and scholarships payable	1,826,626	-	-	-	-	1,826,626
Agency obligations	72,834,592	-	-	-	-	72,834,592
Split-interest agreements	1,108,011	-	-	49,202	-	1,157,213
Operating lease right-of-use liability	96,857	-	-	-	-	96,857
<b>Total liabilities</b>	<b>75,952,692</b>	<b>-</b>	<b>-</b>	<b>49,202</b>	<b>-</b>	<b>76,001,894</b>
<b>NET ASSETS</b>						
Without donor restrictions						
Donor advised	17,462,933	-	-	-	-	17,462,933
General/administrative	16,939,875	322,456	251	-	(338,800)	16,923,782
<b>Total without donor restrictions</b>	<b>34,402,808</b>	<b>322,456</b>	<b>251</b>	<b>-</b>	<b>(338,800)</b>	<b>34,386,715</b>
With donor restrictions						
Charitable remainder trusts	549,027	-	-	26,041	-	575,068
Designated	23,156,759	-	-	-	-	23,156,759
Scholarship	27,905,216	-	-	-	-	27,905,216
Field of interest	11,956,236	-	-	-	-	11,956,236
Fiscal sponsorships	12,819	-	-	-	-	12,819
<b>Total with donor restrictions</b>	<b>63,580,057</b>	<b>-</b>	<b>-</b>	<b>26,041</b>	<b>-</b>	<b>63,606,098</b>
<b>Total net assets</b>	<b>97,982,865</b>	<b>322,456</b>	<b>251</b>	<b>26,041</b>	<b>(338,800)</b>	<b>97,992,813</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 173,935,557</b>	<b>\$ 322,456</b>	<b>\$ 251</b>	<b>\$ 75,243</b>	<b>\$ (338,800)</b>	<b>\$ 173,994,707</b>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Combining Statements of Financial Position

June 30, 2025 and 2024

	2024					Consolidated
	CFNCW	9 S. Wenatchee, LLC	CFNCW Property Holdings LLC	Charitable Gift Annuities	Eliminating entries	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,344,261	\$ -	\$ 251	\$ 3,342	\$ -	\$ 1,347,854
Bequests and other receivables	3,404,675	-	-	-	-	3,404,675
Notes receivable	1,381,122	-	-	-	-	1,381,122
Investments	156,182,765	-	-	70,171	(338,800)	155,914,136
Prepaid expenses	4,312	-	-	-	-	4,312
Loan receivable	648,307	-	-	-	-	648,307
Fixed assets, net of accumulated depreciation	26,015	333,552	-	-	-	359,567
Operating lease right-of-use asset	120,749	-	-	-	-	120,749
<b>TOTAL ASSETS</b>	<b>\$ 163,112,206</b>	<b>\$ 333,552</b>	<b>\$ 251</b>	<b>\$ 73,513</b>	<b>\$ (338,800)</b>	<b>\$ 163,180,722</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 65,444	\$ -	\$ -	\$ -	\$ -	\$ 65,444
Grants and scholarships payable	2,037,026	-	-	-	-	2,037,026
Agency obligations	70,023,897	-	-	-	-	70,023,897
Split-interest agreements	1,062,201	-	-	54,306	-	1,116,507
Operating lease right-of-use liability	125,924	-	-	-	-	125,924
<b>Total liabilities</b>	<b>73,314,492</b>	<b>-</b>	<b>-</b>	<b>54,306</b>	<b>-</b>	<b>73,368,798</b>
<b>NET ASSETS</b>						
<b>Without donor restrictions</b>						
Donor advised	18,282,662	-	-	-	-	18,282,662
General/administrative	16,115,297	333,552	251	-	(338,800)	16,110,300
<b>Total without donor restrictions</b>	<b>34,397,959</b>	<b>333,552</b>	<b>251</b>	<b>-</b>	<b>(338,800)</b>	<b>34,392,962</b>
<b>With donor restrictions</b>						
Charitable remainder trusts	584,761	-	-	19,207	-	603,968
Designated	18,847,190	-	-	-	-	18,847,190
Scholarship	24,640,259	-	-	-	-	24,640,259
Field of interest	11,314,940	-	-	-	-	11,314,940
Fiscal sponsorships	12,605	-	-	-	-	12,605
<b>Total with donor restrictions</b>	<b>55,399,755</b>	<b>-</b>	<b>-</b>	<b>19,207</b>	<b>-</b>	<b>55,418,962</b>
<b>Total net assets</b>	<b>89,797,714</b>	<b>333,552</b>	<b>251</b>	<b>19,207</b>	<b>(338,800)</b>	<b>89,811,924</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 163,112,206</b>	<b>\$ 333,552</b>	<b>\$ 251</b>	<b>\$ 73,513</b>	<b>\$ (338,800)</b>	<b>\$ 163,180,722</b>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Consolidated Schedules of Activities -

Unrestricted General/Administrative Fund

For the Years Ended June 30, 2025 and 2024

	2025		2024
	Budget (Unaudited)	Actual	Actual
<b>SUPPORT AND REVENUE</b>			
Contributions		\$ 1,388,389	\$ 7,035,802
Investment income, net		1,319,668	1,396,273
Foundation administrative fee revenue		1,387,994	1,266,086
Other income (expense)		7,153	9,764
Total support and revenue		<u>4,103,204</u>	<u>9,707,925</u>
<b>GRANTS AND EXPENSES</b>			
Operating expenses			
Salaries	\$ 877,754	709,714	602,113
Payroll taxes and benefits	192,704	144,511	142,700
Professional fees	31,000	83,598	27,592
Occupancy	54,500	69,291	51,685
Advertising and promotion	92,000	58,800	74,503
Information technology	40,000	45,888	46,065
Travel	21,000	18,931	13,853
Depreciation	4,000	14,728	14,890
Office expenses	20,000	11,388	22,008
Insurance	14,000	11,210	11,247
Conferences, conventions, and meetings	11,000	4,664	4,770
Miscellaneous	17,000	15,890	12,248
Total operating expenses	<u>\$ 1,374,958</u>	<u>1,188,613</u>	<u>1,023,674</u>
Grants		<u>2,118,162</u>	<u>4,350,214</u>
Total grants and expenses		<u>3,306,775</u>	<u>5,373,888</u>
CHANGE IN NET ASSETS		796,429	4,334,037
TRANSFERS BETWEEN FUNDS		17,053	318,767
NET ASSETS - BEGINNING OF YEAR		<u>16,110,300</u>	<u>11,457,496</u>
NET ASSETS - END OF YEAR		<u>\$ 16,923,782</u>	<u>\$ 16,110,300</u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**  
Consolidated Schedules of Activities and  
Changes in Net Assets by Fund  
For the Year Ended June 30, 2025, with Comparative Totals for 2024

	Without donor restrictions		
	Donor advised	General administrative	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 5,989,865	\$ 1,388,389	\$ 7,378,254
Less: Agency funds	-	-	-
Support-contributions	5,989,865	1,388,389	7,378,254
Investment income (expense)			
Interest and dividends	596,653	470,810	1,067,463
Gain (loss) on sale of investments	168,587	107,214	275,801
Unrealized gain (loss) on investments	1,156,088	883,608	2,039,696
Foundation administrative fee revenue	-	1,387,994	1,387,994
Money manager, custodial fees charged	(220,500)	(141,964)	(362,464)
Total investment income (expense)	1,700,828	2,707,662	4,408,490
Less: Agency funds	-	-	-
Investment income (expense)	1,700,828	2,707,662	4,408,490
Other income (expense)			
Change in value of split-interest agreements	-	-	-
Gain (loss) on disposal of assets	-	(302)	(302)
Other income (expense)	(973)	7,455	6,482
Total other income (expense)	(973)	7,153	6,180
Less: Agency funds	-	-	-
Other income (expense)	(973)	7,153	6,180
Net assets released from restriction	-	2,741,023	2,741,023
Total support, revenue and reclassifications	7,689,720	6,844,227	14,533,947
<b>EXPENSES</b>			
Grants and scholarships	7,691,687	13,017,201	20,708,888
Less: Agency funds	-	(8,158,016)	(8,158,016)
Grants and scholarships	7,691,687	4,859,185	12,550,872
Operating expenses	-	1,188,613	1,188,613
Total expenses	7,691,687	6,047,798	13,739,485
CHANGE IN NET ASSETS	(1,967)	796,429	794,462
TRANSFERS BETWEEN FUNDS	(817,762)	17,053	(800,709)
NET ASSETS - BEGINNING OF YEAR	18,282,662	16,110,300	34,392,962
NET ASSETS - END OF YEAR	\$ 17,462,933	\$ 16,923,782	\$ 34,386,715

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Consolidated Schedules of Activities and

Changes in Net Assets by Fund

For the Year Ended June 30, 2025, with Comparative Totals for 2024

With donor restrictions						2025	2024
Charitable trusts	Designated	Scholarship	Field of interest	Fiscal sponsorships	Total	Total	Total
\$ -	\$ 6,675,376	\$ 1,364,059	\$ 926,955	\$ 18,156	\$ 8,984,546	\$ 16,362,800	\$ 21,506,957
-	(4,245,545)	-	-	-	(4,245,545)	(4,245,545)	(5,337,831)
-	2,429,831	1,364,059	926,955	18,156	4,739,001	12,117,255	16,169,126
36,758	2,710,307	826,102	360,408	370	3,933,945	5,001,408	4,931,358
46,292	696,313	199,751	54,518	-	996,874	1,272,675	4,518,598
109,442	6,346,017	1,869,071	529,863	-	8,854,393	10,894,089	9,838,404
-	-	-	-	-	-	1,387,994	1,266,086
(19,900)	(977,234)	(313,849)	(104,816)	-	(1,415,799)	(1,778,263)	(1,784,232)
172,592	8,775,403	2,581,075	839,973	370	12,369,413	16,777,903	18,770,214
-	(6,740,547)	-	-	-	(6,740,547)	(6,740,547)	(7,814,311)
172,592	2,034,856	2,581,075	839,973	370	5,628,866	10,037,356	10,955,903
(150,842)	-	-	-	-	(150,842)	(150,842)	(120,354)
-	-	-	-	-	-	(302)	-
(5,071)	(81,714)	(721)	(138)	(19,312)	(106,956)	(100,474)	(71,010)
(155,913)	(81,714)	(721)	(138)	(19,312)	(257,798)	(251,618)	(191,364)
-	17,381	-	-	-	17,381	17,381	25,114
(155,913)	(64,333)	(721)	(138)	(19,312)	(240,417)	(234,237)	(166,250)
-	(918,103)	(767,383)	(1,055,537)	-	(2,741,023)	-	-
16,679	3,482,251	3,177,030	711,253	(786)	7,386,427	21,920,374	26,958,779
-	-	-	-	-	-	20,708,888	15,385,458
-	-	-	-	-	-	(8,158,016)	(3,577,386)
-	-	-	-	-	-	12,550,872	11,808,072
-	-	-	-	-	-	1,188,613	1,023,674
-	-	-	-	-	-	13,739,485	12,831,746
16,679	3,482,251	3,177,030	711,253	(786)	7,386,427	8,180,889	14,127,033
(45,579)	827,318	87,927	(69,957)	1,000	800,709	-	-
603,968	18,847,190	24,640,259	11,314,940	12,605	55,418,962	89,811,924	75,684,891
\$ 575,068	\$ 23,156,759	\$ 27,905,216	\$ 11,956,236	\$ 12,819	\$ 63,606,098	\$ 97,992,813	\$ 89,811,924

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Summary of Selected Information

For the Years Ended June 30, 2025 to 2024

	Total	Without donor restrictions	
		Donor advised	General/admin
Contributions			
Prior to June 30, 2016	\$ 40,846,767	\$ 11,037,767	\$ 4,957,536
2016	6,451,493	507,506	956,794
2017	4,187,694	973,899	466,961
2018	10,445,226	834,348	2,438,427
2019	5,219,945	2,768,357	1,298,306
2020	10,633,958	3,448,641	1,799,589
2021	10,931,864	5,119,670	2,183,055
2022	8,605,073	2,727,439	1,726,379
2023	9,309,276	2,988,822	1,872,586
2024	16,169,126	6,129,672	7,035,802
2025	12,117,255	5,989,865	1,388,389
Total contributions	<u>\$ 134,917,677</u>	<u>\$ 42,525,986</u>	<u>\$ 26,123,824</u>
Grants & scholarships			
Prior to June 30, 2016	\$ 22,294,360	\$ 5,790,572	\$ 3,941,892
2016	4,448,056	921,703	700,399
2017	3,949,682	1,273,788	675,536
2018	4,947,260	928,100	970,568
2019	4,160,316	868,947	1,643,523
2020	5,342,609	1,126,515	1,991,877
2021	6,268,273	1,370,242	2,829,924
2022	7,989,816	2,489,873	2,295,593
2023	8,554,771	3,446,384	2,279,161
2024	11,808,072	4,458,594	4,350,214
2025	12,550,872	7,691,687	2,118,162
Total grants & scholarships	<u>\$ 92,314,087</u>	<u>\$ 30,366,405</u>	<u>\$ 23,796,849</u>
Operating expenses (excluding depreciation)			
Prior to June 30, 2016			\$ 5,886,256
2016			475,848
2017			501,593
2018			517,505
2019			610,356
2020			652,919
2021			667,924
2022			767,994
2023			989,122
2024			1,008,784
2025			1,173,885
Total operating expenses (excluding depreciation)			<u>\$ 13,252,186</u>

**COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON**

Summary of Selected Information

For the Years Ended June 30, 2025 to 2024

With donor restrictions					
Charitable trusts	Designated	Scholarship	Field of interest	Fiscal sponsorships	
\$ 3,199,353	\$ 9,282,235	\$ 5,801,441	\$ 3,059,632	\$ 3,508,803	
111,976	1,459,845	323,598	2,187,130	904,644	
-	1,792,473	369,245	373,228	211,888	
7,920	908,603	5,495,756	699,789	60,383	
-	243,172	743,508	152,587	14,015	
-	3,168,404	566,256	1,651,068	-	
-	548,912	1,805,310	1,207,544	67,373	
-	1,340,916	980,816	1,818,008	11,515	
-	1,716,801	841,520	1,869,426	20,121	
49,735	226,255	1,140,750	1,568,376	18,536	
-	2,429,831	1,364,059	926,955	18,156	
<u>\$ 3,368,984</u>	<u>\$ 23,117,447</u>	<u>\$ 19,432,259</u>	<u>\$ 15,513,743</u>	<u>\$ 4,835,434</u>	
\$ -	\$ 4,382,849	\$ 3,232,315	\$ 1,784,410	\$ 3,162,322	
-	1,136,800	434,035	758,536	496,583	
-	408,705	483,542	742,296	365,815	
-	1,264,741	517,435	914,590	351,826	
-	738,944	232,155	465,403	211,344	
-	634,691	1,122,084	446,740	20,702	
7,365	603,809	1,052,143	354,790	50,000	
-	1,559,443	1,051,171	593,064	672	
-	1,150,643	1,051,700	626,633	250	
-	768,590	1,270,013	560,661	400,000	
-	918,103	767,383	1,055,537	-	
<u>\$ 7,365</u>	<u>\$ 13,567,318</u>	<u>\$ 11,213,976</u>	<u>\$ 8,302,660</u>	<u>\$ 5,059,514</u>	