EASTERSEALS WASHINGTON

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

EASTERSEALS WASHINGTON
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Easterseals Washington
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Easterseals Washington, which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Easterseals Washington as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Audit of the Financial Statements section of our report. We are required to be independent of Easterseals Washington 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 Easterseals Washington's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 Easterseals 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Easterseals 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE

EASTERSEALS WASHINGTON
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,072,734	$ 277,827
Accounts and Grants Receivable	514,523	678,167
Prepaid Expenses and Other	94,214	86,487
Total Current Assets	1,681,471	1,042,481
PROPERTY AND EQUIPMENT		
Land	42,000	42,000
Building, Equipment, and Improvements	3,014,375	2,925,109
Less: Accumulated Depreciation	(1,605,020)	(1,542,792)
Total Property and Equipment	1,451,355	1,424,317
INVESTMENTS	3,627,769	3,563,046
Total Assets	$ 6,760,595	$ 6,029,844
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 59,813	$ 53,050
Accrued Expenses	256,153	184,990
Deferred Revenue and Refundable Advances	381,010	62,292
Total Current Liabilities	696,976	300,332
Total Liabilities	696,976	300,332
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,247,766	4,992,775
Board Designated	3,068,722	139,695
Total Without Donor Restrictions	5,316,488	5,132,470
With Donor Restrictions:		
Purpose and Time	189,136	75,979
Perpetual in Nature	557,995	521,063
Total With Donor Restrictions	747,131	597,042
Total Net Assets	6,063,619	5,729,512
Total Liabilities and Net Assets	$ 6,760,595	$ 6,029,844

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board-Designated	Purpose and Time	Perpetual in Nature	Total
PUBLIC SUPPORT AND REVENUE					
Public Support:					
Individual Contributions	$ 744,812	$ -	$ -	$ -	$ 744,812
Organization Contributions	963,515	-	170,100	-	1,133,615
Donated Facilities, Goods, and Equipment	185,778	-	-	-	185,778
Total Public Support	1,894,105	-	170,100	-	2,064,205
Revenue:					
Program Service Fees	1,478,464	-	-	-	1,478,464
Government Program Service Fees	2,106,372	-	-	-	2,106,372
Investment Return and Other	(135,223)	-	12,969	-	(122,254)
Change in Fair Value of Beneficial Interest in Trust Held by Others	-	-	-	36,932	36,932
Total Revenue	3,449,613	-	12,969	36,932	3,499,514
Net Assets Released from Restrictions	140,885	(70,973)	(69,912)	-	-
Transfers of Board-Designated Funds	(3,000,000)	3,000,000	-	-	-
Total Public Support and Revenue	2,484,603	2,929,027	113,157	36,932	5,563,719
EXPENSES					
Program Services:					
Public Health Education	4,164	-	-	-	4,164
Direct Services	4,259,437	-	-	-	4,259,437
Total Program Services	4,263,601	-	-	-	4,263,601
Supporting Services:					
Management and General	655,226	-	-	-	655,226
Fundraising	239,776	-	-	-	239,776
Total Supporting Services	895,002	-	-	-	895,002
Total Functional Expenses	5,158,603	-	-	-	5,158,603
National Membership Dues	71,009	-	-	-	71,009
Total Expenses	5,229,612	-	-	-	5,229,612
CHANGE IN NET ASSETS	(2,745,009)	2,929,027	113,157	36,932	334,107
Net Assets - Beginning of Year	4,992,775	139,695	75,979	521,063	5,729,512
NET ASSETS - END OF YEAR	$ 2,247,766	$ 3,068,722	$ 189,136	$ 557,995	$ 6,063,619

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions		With Donor Restrictions		
	Undesignated	Board-Designated	Purpose and Time	Perpetual in Nature	Total
PUBLIC SUPPORT AND REVENUE					
Public Support:					
Individual Contributions	$ 3,271,418	$ -	$ -	$ -	$ 3,271,418
Organization Contributions	1,310,199	-	88,683	-	1,398,882
Donated Facilities, Goods, and Equipment	200,261	-	-	-	200,261
Total Public Support	4,781,878	-	88,683	-	4,870,561
Revenue:					
Program Service Fees	1,333,275	-	-	-	1,333,275
Government Program Service Fees	2,361,238	-	-	-	2,361,238
Investment Return and Other	6,326	-	9,401	-	15,727
Change in Fair Value of Beneficial Interest in Trust Held by Others	-	-	-	46,285	46,285
Total Revenue	3,700,839	-	9,401	46,285	3,756,525
Net Assets Released from Restrictions	98,296	-	(98,296)	-	-
Transfers of Board-Designated Funds	155,245	(155,245)	-	-	-
Total Public Support and Revenue	8,736,258	(155,245)	(212)	46,285	8,627,086
EXPENSES					
Program Services:					
Public Health Education	18,263	-	-	-	18,263
Direct Services	4,528,216	-	-	-	4,528,216
Total Program Services	4,546,479	-	-	-	4,546,479
Supporting Services:					
Management and General	644,276	-	-	-	644,276
Fundraising	234,112	-	-	-	234,112
Total Supporting Services	878,388	-	-	-	878,388
Total Functional Expenses	5,424,867	-	-	-	5,424,867
National Membership Dues	69,610	-	-	-	69,610
Total Expenses	5,494,477	-	-	-	5,494,477
CHANGE IN NET ASSETS	3,241,781	(155,245)	(212)	46,285	3,132,609
Net Assets - Beginning of Year	1,750,994	294,940	76,191	474,778	2,596,903
NET ASSETS - END OF YEAR	$ 4,992,775	$ 139,695	$ 75,979	$ 521,063	$ 5,729,512

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			
	Public Health Education	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and Related Expenses	$ 4,164	$ 3,115,351	$ 3,119,515	$ 505,148	$ 187,664	$ 692,812	$ 3,812,327
Occupancy	-	368,596	368,596	81,424	-	81,424	450,020
Operating Supplies and Cost of Resale Goods	-	287,393	287,393	9,540	18,987	28,527	315,920
Contract Services and Professional Fees	-	58,615	58,615	43,260	19,478	62,738	121,353
Contributed Facilities, Goods, and Services	-	183,551	183,551	-	2,227	2,227	185,778
Travel and Education	-	7,294	7,294	805	198	1,003	8,297
Depreciation	-	58,401	58,401	3,827	-	3,827	62,228
Bad Debt Expense	-	82,752	82,752	-	-	-	82,752
Insurance	-	57,249	57,249	2,489	2,489	4,978	62,227
Telephone	-	21,352	21,352	4,575	4,575	9,150	30,502
Minor Equipment Purchases and Maintenance	-	18,673	18,673	4,001	4,001	8,002	26,675
Postage and Shipping	-	210	210	157	157	314	524
Total Functional Expenses	4,164	4,259,437	4,263,601	655,226	239,776	895,002	5,158,603
Add: National Membership Dues	-	-	-	-	-	-	71,009
Total Expenses	$ 4,164	$ 4,259,437	$ 4,263,601	$ 655,226	$ 239,776	$ 895,002	$ 5,229,612

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Public Health Education	Direct Services	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and Related Expenses	$ 18,263	$ 3,199,537	$ 3,217,800	$ 453,576	$ 181,318	$ 634,894	$ 3,852,694
Occupancy	-	575,084	575,084	74,066	-	74,066	649,150
Operating Supplies and Cost of Resale Goods	-	278,462	278,462	1,530	1,418	2,948	281,410
Contract Services and Professional Fees	-	136,299	136,299	100,459	20,341	120,800	257,099
Contributed Facilities, Goods, and Services	-	176,835	176,835	-	23,426	23,426	200,261
Travel and Education	-	16,486	16,486	3,375	166	3,541	20,027
Depreciation	-	77,468	77,468	3,827	-	3,827	81,295
Bad Debt Expense	-	34,063	34,063	-	-	-	34,063
Telephone	-	24,458	24,458	5,241	5,241	10,482	34,940
Minor Equipment Purchases and Maintenance	-	9,224	9,224	1,977	1,977	3,954	13,178
Postage and Shipping	-	300	300	225	225	450	750
Taxes	-	-	-	-	-	-	-
Total Functional Expenses	18,263	4,528,216	4,546,479	644,276	234,112	878,388	5,424,867
Add: National Membership Dues	-	-	-	-	-	-	69,610
Total Expenses	$ 18,263	$ 4,528,216	$ 4,546,479	$ 644,276	$ 234,112	$ 878,388	$ 5,494,477

See accompanying Notes to Financial Statements.

EASTERSEALS WASHINGTON
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 334,107	$ 3,132,609
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	62,228	81,295
Change in Fair Value of Trust Held by Others	(36,932)	(46,285)
Net Unrealized Gain on Investments	(32,405)	(4,059)
Net Changes in Operating Assets and Liabilities:		
Accounts and Grants Receivable	163,644	(42,389)
Prepaid Expenses and Other	(7,727)	1,832
Accounts Payable and Accrued Expenses	77,926	(188,210)
Deferred Revenue and Refundable Advances	318,718	49,848
Net Cash Provided by Operating Activities	879,559	2,984,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(33,019)	(3,085,915)
Sale of Investments	16,504	107,720
Purchase of Property	(89,266)	(51,908)
Net Cash Used by Investing Activities	(105,781)	(3,030,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions from Beneficial Interest in Assets Held by Others	21,129	4,059
Net Cash Provided by Financing Activities	21,129	4,059
NET CHANGE IN CASH AND CASH EQUIVALENTS	794,907	(41,403)
Cash and Cash Equivalents - Beginning of Year	277,827	319,230
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,072,734	$ 277,827
SUPPLEMENTAL DISCLOSURE		
Cash Paid During the Year for Interest	$ -	$ -

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPLE ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Easter Seals Washington, dba: Easterseals Washington (the Organization), is a nonprofit corporation organized in 1947. It is affiliated with Easter Seals National Headquarters, the national governing organization. The Organization provides direct services to children and adults with disabilities. Program services include community access assistance, supported employment, resident camping, adult day health care, behavior therapy and inclusive childcare services, among other services. Operations are headquartered in Seattle, Washington with outlying facilities and camps located throughout the state of Washington.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and report information regarding the Organization's financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board has designated certain otherwise unrestricted net assets as a general reserve fund. These funds are approved by the board to be held for specific purposes (capital improvements, program expansion, specialized training, etc.) and require board approval to designate for any other purpose. The designated funds are tracked with the monthly financial reports.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor- imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all bank accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Deposits with a single financial institution occasionally exceed federally insured limits, which subject the Organization to a concentration of deposit risk. The Organization has not experienced losses due to this concentration.

Accounts Receivable

Accounts receivable includes credit extended to various governmental agencies and individuals for program service fees. All account balances are due in less than one year. Collateral is generally not required. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

NOTE 1 PRINCIPLE ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchased property and equipment are stated at cost. Donated property is recognized as revenue and capitalized at its estimated fair value at the date of receipt. The Organization capitalizes assets that have a useful life greater than one year and a value greater than $1,000. Depreciation is computed using the straight-line method based on estimated useful lives of 7 to 40 years for buildings and improvements and 3 to 15 years for equipment and furniture.

Investments

The Organization carries investments at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Deferred Revenue

Income received in advance from public and government program service fees is deferred and recognized over the periods to which the fees relate.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Government Program Service Fees

Government program service fees are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no adjustments resulting from government audits during the years ended December 31, 2021 and 2020.

Program Service Fees

Program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from patients, third-party payors (including government programs). Generally, the Organization bills the participants and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

NOTE 1 PRINCIPLE ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied as programs are run and recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue is recognized as the service is rendered.

Donated Facilities, Goods, and Equipment

Donated facilities, goods, and equipment are recorded as donations at their estimated fair values at the date of the donation. The estimated value of facilities donated is $183,551 and $191,018 for the years ended December 31, 2021 and 2020, respectively. The estimated value of goods received is $2,227 and $9,243 for the years ended December 31, 2021 and 2020, respectively.

The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not donated. No amounts have been recorded for such services during the years ended December 31, 2021 and 2020.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. The expenses that are allocated include telephone, postage, minor equipment, office supplies, bookkeeping, insurance, depreciation, and President/CEO and COO payroll expense.

All expenses, except insurance, depreciation, and payroll, are allocated based on percentages that are reviewed annually during the budgeting process. Insurance is based on information provided to the Organization by the insurance carrier. Depreciation is based on the assets associated with that department. The President/CEO and COO payroll is based on the average time spent performing that activity.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

NOTE 1 PRINCIPLE ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events were evaluated through REPORT DATE, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	2021	2020
Financial Assets:		
Cash and Cash Equivalents	$ 1,072,734	$ 277,827
Accounts and Grants Receivable	514,523	678,167
Investments	3,627,769	3,563,046
Total Financial Assets	5,215,026	4,519,040
Less Those Unavailable for General Expenditures Within One Year:		
Restricted Investments	(612,958)	(563,046)
Restricted for Donors Purpose or Time	(189,136)	(75,979)
Restricted by Donors in Perpetuity	(557,995)	(521,063)
Financial Assets Available Within One Year	$ 3,854,937	$ 3,358,952

The Organization's financial assets have seasonal variations attributed largely to the receipt of Camp Stand By Me fees (summer) and fundraising events (spring and winter). The Organization has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. In the event of an unanticipated liquidity need, the Organization could also draw upon funds that are held in cash equivalents with its investment custodians.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs that are not observable that reflect management's assumptions and estimate. These inputs related to the timing and the amount of distributions.

The following tables summarize the valuation of the Organization's financial investments and interests under the fair value hierarchy at December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 3,014,811	$ -	$ -	$ 3,014,811
The Seattle Foundation Pool	-	-	105,213	105,213
Trust Held by Others	-	-	507,745	507,745
Total Investments at Fair Value	$ 3,014,811	$ -	$ 612,958	$ 3,627,769

	2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 3,000,000	$ -	$ -	$ 3,000,000
The Seattle Foundation Pool	-	-	92,233	92,233
Trust Held by Others	-	-	470,813	470,813
Total Investments at Fair Value	$ 3,000,000	$ -	$ 563,046	$ 3,563,046

The changes in financial investments and interests measured at fair value using Level 3 inputs are reflected below for the years ended December 31:

	2021	2020
Balance - Beginning of Year	$ 563,046	$ 507,370
Contributions to Trust Held by Third Parties	501	985
Net Gain on Trusts Held by Third Parties	36,932	46,285
Investment Return, Net	12,969	9,401
Distributions from Trust Held by Third Parties	(490)	(995)
Balance - End of Year	$ 612,958	$ 563,046

NOTE 4 TRUSTS HELD BY OTHERS

The Organization is a named, designated beneficiary of a perpetual trust (the Trust) that is held and administered by a bank. The Organization does not exercise control over the investment of the fund or the timing or amount of distributions. Distributions from the fund are available for general operating purposes.

The Organization's beneficial interest in the Trust is reported in the accompanying statements of financial position as a net asset with donor restrictions of a perpetual nature carried at fair value report by the trustee at year end. Fair value is measured as the underlying value of the assets held in perpetuity for the Organization's benefit (Level 3 inputs as described in Note 3). The Organization's interest in gains or losses in the fund's value is recognized in the statements of activities and is included in the change in net assets with donor restrictions of a perpetual nature. The Organization records receipts of distributions for the Trust as investment return without donor restrictions.

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

The Organization's board of directors has designated a portion of net assets without donor restrictions, composed of cash and cash equivalents and investments, for the following purposes at December 31:

	2021	2020
Operating Reserve	$ 118,924	$ 118,924
Camp Capital Projects	-	11,004
Information Technology Equipment	-	7,760
Medical Equipment	-	2,007
Other Operating Funds - MacKenzie Scott	2,949,798	-
Total Net Assets Without Donor Restrictions	$ 3,068,722	$ 139,695

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows at December 31:

	2021	2020
Restricted for a Specified Purpose or Passage of Time:		
Comcast Tech Centers and Mobile Tech	$ 26,102	$ 19,914
Upjohn Gazebo Project	90,000	-
Endowment - Unappropriated Investment Return	54,962	41,993
Other Programs	18,072	14,072
Total	189,136	75,979
Perpetual in Nature:		
Endowment - Corpus	50,250	50,250
Beneficial Interest in Perpetual Trust	507,745	470,813
Total	557,995	521,063
Total Net Assets With Donor Restrictions	$ 747,131	$ 597,042

NOTE 7 ENDOWMENT

Nature of Endowment and Applicable Laws

The Endowment consists of one donor restricted endowment in which the investment return is to be used for building and upgrading camp facilities. Additionally, the Organization is a designated beneficiary of a perpetual trust, as described in Note 4.

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

NOTE 7 ENDOWMENT (CONTINUED)

Nature of Endowment and Applicable Laws (Continued)

Donor-restricted amounts that are not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies for the Endowment asset that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Endowment investments are managed by The Seattle Foundation (the Foundation). The Foundation was established in 1946 and since its formation has managed funds for many nonprofit organizations in the Puget Sound area. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution based growth of the funds, while allowing growth if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Currently, the expected nominal rate of return is approximately 8%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to and deductions from those accounts.

NOTE 7 ENDOWMENT (CONTINUED)

Spending Policy

For the Endowment, the Organization has a policy of appropriating for distribution each year based on the growth of the funds. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation's assets are principally in trusts from which income is distributed to the participating Organizations. The Foundation's spending policy provides that up to 4.5% of the market value of the invested assets (calculated using a 12-quarter rolling average) on invested assets can be expended annually. The Organization expects the current spending policy to allow its endowment funds to grow at a rate equal to inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - January 1, 2020	$ -	$ 507,370	$ 507,370
Contributions	-	(500)	(500)
Investment Return, Net	-	9,401	9,401
Net Appreciation of Endowment	-	46,285	46,285
Balance - December 31, 2020	-	562,556	562,556
Investment Return, Net	-	12,969	12,969
Net Appreciation of Endowment	-	36,932	36,932
Balance - December 31, 2021	$ -	$ 612,958	$ 612,958

NOTE 8 COMMITMENTS

The Organization leases its facilities and certain equipment under noncancellable operating agreements. Total rent expense under these leases totaled $450,020 and $649,149 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments for the years ending December 31 are as follows:

Year Ending December 31,	Amount
2022	$ 68,034
2023	69,535
2024	17,509
Total	$ 155,078

NOTE 9 SIGNIFICANT TRANSACTIONS AND UNCERTANTIES

Paycheck Protection Program

In May 2020, the Organization received a loan amounting to $916,000 from a bank under the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. These loans had a five-year term at an interest rate of 1% and were also eligible for forgiveness up to 100% of the loan value if certain criteria were met. The Organization submitted the forgiveness application to the bank in fall of 2020. In December 2020, the Organization received approval from the SBA and the lender indicating that the loans had been wholly forgiven and the debtor legally released from these obligations. As the criteria for loan forgiveness was met and approved by the SBA prior to December 31, 2020, the Organization reduced the liability for these loans to zero and recorded a gain, included in Organization donations, of $916,000.

The forgiveness of the PPP Loan is subject to review by the SBA for 6 years.

Risk and Uncertainties

Throughout 2020 and 2021, a novel strain of coronavirus (COVID-19) spread through China as well as other countries worldwide including the United States. The impact of the virus varies from region to region and from day to day and any significant additional spreading of the virus could continue to affect the Organization’s revenue. In compliance with government mandates, since March 2020, the Organization has had to modify its operations. The continued outbreak of the COVID-19 virus is likely to have a further negative impact in 2022 on the economy, which in the future, may impact the Organization’s ability to generate revenue. All of these factors could have a significant impact on the Organization’s financial results in fiscal year 2022 and beyond.

Unrestricted Grant

In December 2020, the Organization received an unsolicited and unrestricted grant from Mackenzie Scott through her financial advisor team. The grant requires three-page reports to be submitted annually for three years beginning in December 2021.