

THE PRIDE FOUNDATION

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED MARCH 31, 2022 AND 2021



Pride  
Foundation

THE PRIDE FOUNDATION  
FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Pride Foundation  
Seattle, Washington

We have audited the accompanying financial statements of The Pride Foundation (a nonprofit corporation), which comprise the statements of financial position as of March 31, 2022 and 2021, 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 The Pride Foundation as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pride Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pride Foundation's ability to continue as a going concern within one year after the date that 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and 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, including omissions, 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 generally accepted auditing standards 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 The Pride Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pride Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
June 27, 2022

THE PRIDE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 5,175,025	\$ 5,262,385
Promises to give - current	958,246	45,040
Note receivable - current	3,290	3,099
Other receivables	10,618	12,260
Non-endowed investments	1,838,650	1,421,056
Other assets	44,584	23,966
Total Current Assets	8,030,413	6,767,806
Furniture and Equipment, net of accumulated depreciation of \$74,625 and \$65,770	2,009	10,864
Note Receivable, less current portion above	48,269	51,559
Endowment Investments	39,314,363	38,029,822
Trusts Receivable	1,275,355	1,323,700
	<u>\$ 48,670,409</u>	<u>\$ 46,183,751</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Grants payable to others	\$ 1,082,725	\$ 198,050
Accounts payable and accrued expenses	66,514	82,033
Deferred support	2,104	170,654
Total Current Liabilities	1,151,343	450,737
Total Liabilities	1,151,343	450,737
Net Assets		
Without donor restrictions	4,041,181	4,345,538
With donor restrictions	43,477,885	41,387,476
Total Net Assets	47,519,066	45,733,014
	<u>\$ 48,670,409</u>	<u>\$ 46,183,751</u>

THE PRIDE FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 1,344,586	\$ 2,631,300	\$ 3,975,886	\$ 4,481,778	\$ 2,178,002	\$ 6,659,780
Bequests	7,000		7,000	2,253	-	2,253
In-kind donations	5,600		5,600	-		-
Interest and dividends, net	19,523	484,673	504,196	14,684	522,774	537,458
Fund administrative fees and other revenue	24,878		24,878	58,119		58,119
Net assets released from purpose restrictions	3,631,233	(3,631,233)	-	3,887,609	(3,887,609)	-
Total Public Support, Revenue, and Other Support	5,032,820	(515,260)	4,517,560	8,444,443	(1,186,833)	7,257,610
Expenses						
Program services	4,662,438		4,662,438	4,456,248		4,456,248
Management and general	283,512		283,512	265,174		265,174
Fundraising	422,728		422,728	412,648		412,648
Total Expenses	5,368,678		5,368,678	5,134,070		5,134,070
Change in Net Assets Before Gains and Losses	(335,858)	(515,260)	(851,118)	3,310,373	(1,186,833)	2,123,540
Gains and Losses						
Gain (loss) on trusts receivable	-	(48,345)	(48,345)	-	285,173	285,173
Gain (loss) on marketable securities	31,501	2,654,014	2,685,515	77,723	8,559,823	8,637,546
Total Gains and Losses	31,501	2,605,669	2,637,170	77,723	8,844,996	8,922,719
Total Change in Net Assets	(304,357)	2,090,409	1,786,052	3,388,096	7,658,163	11,046,259
Net Assets - beginning of year	4,345,538	41,387,476	45,733,014	957,442	33,729,313	34,686,755
Net Assets - end of year	\$ 4,041,181	\$ 43,477,885	\$ 47,519,066	\$ 4,345,538	\$ 41,387,476	\$ 45,733,014

THE PRIDE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2022 AND 2021

	2022				2021			
	Management and				Management and			
	Program Services	General	Fundraising	Total	Program Services	General	Fundraising	Total
Salaries and Wages	\$ 825,217	\$ 182,695	\$ 244,693	\$ 1,252,605	\$ 850,439	\$ 172,980	\$ 242,272	\$ 1,265,691
Employee Benefits	131,326	23,434	37,708	192,468	139,022	24,269	33,246	196,537
Payroll Taxes	67,420	14,679	19,639	101,738	69,094	13,466	18,703	101,263
Total payroll and related	<u>1,023,963</u>	<u>220,808</u>	<u>302,040</u>	<u>1,546,811</u>	<u>1,058,555</u>	<u>210,715</u>	<u>294,221</u>	<u>1,563,491</u>
Grants & Scholarships to Others	3,114,367	-	-	3,114,367	2,818,531	-	-	2,818,531
Professional Services	305,324	15,144	26,397	346,865	333,822	15,767	26,328	375,917
Occupancy	135,356	23,272	37,037	195,665	152,631	23,462	33,235	209,328
Supplies & Equipment	20,864	6,420	4,587	31,871	19,170	3,673	3,024	25,867
Copying & Printing	8,681	404	17,219	26,304	11,646	815	18,780	31,241
Telephone	18,635	2,619	3,925	25,179	19,333	2,435	3,381	25,149
Events & Catering	2,162	4,117	14,501	20,780	4,449	1,378	13,905	19,732
Dues, Conferences & Training	15,598	295	647	16,540	16,121	403	1,940	18,464
Depreciation	7,027	703	1,125	8,855	13,207	1,541	1,900	16,648
Insurance	3,728	3,899	1,082	8,709	3,645	3,703	796	8,144
Bank Fees	-	914	7,646	8,560	35	878	11,383	12,296
Postage	4,277	407	3,417	8,101	4,393	404	1,843	6,640
In-kind Expense	-	2,600	3,000	5,600	-	-	-	-
Advertising & Promotion	2,456	1,910	105	4,471	200	-	1,912	2,112
Bad Debt Expense	-	-	-	-	510	-	-	510
	<u>\$ 4,662,438</u>	<u>\$ 283,512</u>	<u>\$ 422,728</u>	<u>\$ 5,368,678</u>	<u>\$ 4,456,248</u>	<u>\$ 265,174</u>	<u>\$ 412,648</u>	<u>\$ 5,134,070</u>

THE PRIDE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from donors	\$ 2,659,156	\$ 6,426,822
Fund administrative fees and other cash receipts	42,274	66,960
Cash paid to grantees and scholars	(2,229,692)	(2,773,863)
Cash paid for employees	(1,561,060)	(1,540,142)
Cash paid to vendors	<u>(714,933)</u>	<u>(694,250)</u>
Net Cash (Used) Provided by Operating Activities	<u>(1,804,255)</u>	<u>1,485,527</u>
<b>Cash Flows from Investing Activities</b>		
Principal payments from note receivable	3,099	2,920
Purchases of furniture and equipment	-	(3,081)
Purchases of marketable securities	(373,723)	(314,108)
Sales of marketable securities	<u>1,845,545</u>	<u>1,976,063</u>
Net Cash Provided by Investing Activities	<u>1,474,921</u>	<u>1,661,794</u>
<b>Cash Flows Provided by Financing Activities</b>		
Cash received from endowment contributions	<u>241,974</u>	<u>164,581</u>
Change in Cash and Cash Equivalents	(87,360)	3,311,902
Cash and Cash Equivalents - beginning of year	<u>5,262,385</u>	<u>1,950,483</u>
Cash and Cash Equivalents - end of year	<u>\$ 5,175,025</u>	<u>\$ 5,262,385</u>

THE PRIDE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of Change in Net Assets to</b>		
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,786,052	\$11,046,259
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	8,855	16,648
Loss on marketable securities	(2,685,515)	(8,637,546)
Reinvested interest and dividends, net	(488,442)	(520,727)
Loss (gain) on trusts receivable	48,345	(285,173)
Public support restricted to endowment	(241,974)	(164,581)
Change in:		
Promises to give	(913,206)	(13,270)
Other receivables	1,642	(7,890)
Other assets	(20,618)	46,497
Grants payable to others	884,675	44,668
Accounts payable and accrued expenses	(15,519)	17,492
Deferred support	<u>(168,550)</u>	<u>(56,850)</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (1,804,255)</u>	<u>\$ 1,485,527</u>

## THE PRIDE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### YEARS ENDED MARCH 31, 2022 AND 2021

##### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Pride Foundation (the Foundation) is a nonprofit corporation that inspires giving to expand opportunities and advance full equality for LGBTQ people across the Northwest. Through scholarships, grants, advocacy, and community leadership, the Foundation donors and volunteers are helping us transform our communities and culture. The Foundation's regional headquarters are located in Seattle, Washington, with offices in Anchorage, Alaska; Boise, Idaho; Bozeman, Montana; Portland, Oregon; Tacoma, Washington; and Kennewick, Washington. The Foundation is governed by a 21-person Board of Directors and maintains a staff of 16. Six staff members are based in the Seattle office and ten staff members are based throughout the 5-state region in the other offices identified above.

##### **Scholarships**

The Pride Foundation Scholarship Program supports education and leadership development to LGBTQ and straight-ally students of any age or sexual orientation from Alaska, Idaho, Montana, Oregon, and Washington who are pursuing post-secondary education (including community college, public or private colleges and universities, trade apprenticeships, or certificate programs). LGBTQ students often do not have access to traditional means of support from families. Our scholarships have the power to make a huge financial and emotional impact on their lives. During the year ended March 31, 2022, the Foundation awarded scholarships with a total value of \$601,000 to 95 students for post-secondary education. During the year ended March 31, 2021, scholarships totaling \$546,748 were provided to 128 students.

##### **Grants**

The Foundation funds organizations, small and large, as they strengthen and serve the LGBTQ community. Often, we hear that our grant is the first an organization ever received. Other times we are funding more established organizations which are starting to serve the LGBTQ community. We are honored to put our community's resources to work supporting organizations we know are making a difference for LGBTQ equality. During the year ended March 31, 2022, the Foundation awarded cash grants totaling \$2,547,421 to 317 non-profit organizations. During the year ended March 31, 2021, grants totaling \$2,306,804 were provided to 331 organizations.

##### **Shareholder Advocacy**

The Foundation uses its endowment for more than grants and scholarships; we also use our portfolio as leverage to bring equality to the companies in which we invest. To date we have worked with 30 companies to update their non-discrimination policies to include sexual orientation and/or gender identity and expression. These changes have meant better protections for over 3.3 million workers worldwide.

THE PRIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Regional Leadership**

In each Pride Foundation community, a steering committee of a core group of volunteers with visionary ideas supports their regional LGBTQ and allied community. They raise funds, support one another in leadership development, strengthen community relationships and respond to the needs of the local community.

During the years ended March 31, 2022 and 2021, the Foundation provided training and technical assistance on fundraising, grant-making, leadership development, et cetera, to approximately 100 non-profits and approximately 500 individuals in the Northwest.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Federal income taxes**

The Internal Revenue Service has recognized the Foundation as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

**Basis of presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor restrictions.

The Foundation's Board of Directors has designated \$1,099,427 and \$1,099,235, respectively, of net assets without donor restriction as an operating reserve as of March 31, 2022 and 2021.

**Net Assets With Donor Restrictions** – Net assets subject to donor-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.

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, gains and losses that are restricted by explicit donor stipulation are reported as increases in net assets with donor restrictions when received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Net assets by donor restrictions are available as follows at March 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Grants	\$ 2,070,655	\$ 1,510,555
Trans Public Education	455,949	373,742
NW Justice Funders Collective	105,000	90,000
BIPOC-Centered Participatory Grants	200,000	-
Arts Fund	<u>5,000</u>	<u>5,000</u>
	2,836,604	1,979,297
Endowments:		
Subject to spending policy and appropriation:		
Endowed granting funds	5,807,110	5,673,834
Endowed scholarship funds	8,056,919	7,691,569
General endowment	25,450,338	24,664,418
Not subject to spending policy or appropriation:		
Trusts Receivable	1,275,355	1,323,700
Note Receivable	<u>51,559</u>	<u>54,658</u>
	<u>\$ 43,477,885</u>	<u>\$ 41,387,476</u>

### Cash and cash equivalents

The Foundation maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Foundation has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

### Fair value measurement

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied.

THE PRIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities. The types of instruments which would generally be included in Level 1 include money market funds, equity securities, debt securities and mutual funds.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar items; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets. The types of instruments which would generally be included in Level 2 include unlisted derivative financial instruments and real estate holdings.

Level 3: Pricing inputs are unobservable for the item and include situations where there is little, if any, market activity for the item. Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The types of items which would generally be included in Level 3 include equity securities issued by private entities and long-term promises to give.

Investments

Investments are reported at their fair values in the statement of financial position. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Donated investments are reflected as contributions at their fair value at date of donation.

Investments, both endowment and non-endowed, consist of the following at March 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 529,000	\$ 325,268
Equities (Level 1)	27,762,215	27,519,963
Fixed income (Level 1)	12,861,798	11,605,647
	<u>\$ 41,153,013</u>	<u>\$39,450,878</u>

Promises to give

In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received. Promises to give are initially recorded at their estimated collectible value. Any differences are recorded as contributions at the time of receipt. The fair value of promises to give is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. The Foundation believes that promises to give are fully collectible.

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Notes receivable

Notes receivable are stated at net realizable value. Interest income on notes receivable is recognized in the period earned.

#### Furniture and equipment

Furniture and equipment are stated at cost or, if donated, at fair value at the date of donation. Furniture and equipment purchases that exceed \$5,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of three to ten years.

#### Grants payable to others

Grants authorized by the Board of Directors, but unpaid, are reported as liabilities. All grants are payable within one year.

#### Support recognition

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Certain of the Foundation's contributions and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. When amount are received in advance of meeting the conditions, the amounts are recognized as deferred support on the statement of financial position. As of March 31, 2022 and 2021, grant funds received in advance which are conditional upon incurrence of qualified expenses totaled \$2,104 and \$170,654, respectively, and are reflected in deferred support.

#### Revocable bequests

The Foundation has been named as beneficiary in certain revocable bequests. As the bequests are revocable, they have not been reflected in the financial statements.

#### In-kind goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods. In accordance with financial accounting standards, the financial statements reflect only those donated services requiring specific expertise which the Foundation would otherwise need to purchase. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The Foundation receives more than 20,000 volunteer hours per year.

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on estimated percentage of effort.

### NOTE B - LIQUIDITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant and scholarship commitments will continue to be met, ensuring the sustainability of the Foundation.

The Foundation maintains a \$200,000 line of credit with a bank that may be drawn upon as necessary to manage liquidity needs. The Foundation may also draw upon funds set aside in its operating reserve if approved by its board.

Financial assets, reduced by amounts not available for general use within one year, are as follows as of March 31:

Financial assets:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,175,025	\$ 5,262,385
Accounts receivable	10,618	12,260
Promises to give	958,246	45,040
Note receivable	51,559	54,658
Trusts receivable	1,275,355	1,323,700
Investments	<u>41,153,013</u>	<u>39,450,878</u>
	48,623,816	46,148,921

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE B - LIQUIDITY (Continued)

Less amounts not available to be used within one year:

Note receivable due in more than one year	(48,269)	(51,559)
Trusts receivable	(1,275,355)	(1,323,700)
Endowment funds subject to spending policy and appropriation	(39,314,367)	(38,029,821)
Add back: endowment funds appropriated for general use	1,252,600	1,212,000
Donor-restricted funds available for grants	(2,070,655)	(1,510,555)
Donor-restricted funds available for current programs	(660,949)	(378,742)
	<u>\$ 6,506,821</u>	<u>\$ 6,066,544</u>

### NOTE C - TRUSTS RECEIVABLE

The Foundation is named as remainderman in three charitable remainder trust agreements administered by others. The terms of one of these agreements provide for the disbursement of the trust assets to the Foundation upon the death of the final beneficiary. The terms of the other two agreements provides for the disbursement of the trust assets to the Foundation after 20 years or upon the death of the final beneficiary, whichever occurs first. During the life of the beneficiaries, certain payments are made from trust assets as prescribed in the agreements. Changes in the value of these assets have been reported in the statements of activities as increases or decreases in net assets with donor restrictions.

Based on the terms of the agreements for two of the trusts, a noncurrent asset has been recognized at the present value of the expected future cash flow payments, discounted at a rate of 1.41%. These expected cash flows represent the Foundation's share of the fair value of the trust principal at 2022. Based on the terms of the agreement and the estimated average investment rate of return of 5%, the entire investment balance represents the estimated charitable portion. The third trust was liquidated and distributed to the Foundation in the previous fiscal year.

### NOTE D - NOTE RECEIVABLE

As part of a bequest, the Foundation was granted all right, title and beneficial interest including the money due and to become due under a Promissory Note secured by personal property. The balance due on the Note at the time of the bequest was \$68,565. Monthly payments of principal and interest are due in the amount of \$525 with interest at 6% per annum. The Note is due and payable in full upon the earlier of the maker's transfer of the collateral or three years after the date of the maker's death. The collateral is a 1989 Fuqua mobile home with detached garage and woodshed. At March 31, 2022 and 2021, the remaining principal balance was \$51,559 and \$54,659, respectively.

### NOTE E - LINE OF CREDIT

The Foundation has a \$200,000 revolving line of credit that expires June 1, 2023. Bank advances on the line of credit are payable on demand and carry interest at the prime rate plus 1.75%.

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED MARCH 31, 2022 AND 2021

#### NOTE F - CONCENTRATIONS

Two donors represented 32% of total contributions for the year ended March 31, 2022. A different donor represented 45% of total contributions for the year ended March 31, 2021. Two donors represented 79% of total promises to give at March 31, 2022.

#### NOTE G - FUNDRAISING EXPENSES

In order to accomplish the Foundation's mission of strengthening the LGBTQ community by issuing grants and providing scholarships, a significant amount of time must be spent raising the grant and scholarship money. As a result of these efforts and because of the nature of the organization, the proportion of fundraising expenses may be higher than for other not-for-profit organizations.

#### NOTE H - TAX DEFERRED ANNUITY PLANS

The Foundation offers a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. All employees are eligible to make elective deferrals under the plan. The Foundation also contributes an amount equal to 5% of each employee's gross wages to a SEP IRA plan after completion of one year of service. For the years ended March 31, 2022 and 2021, the Foundation contributed \$54,681 and \$56,930, respectively, to the SEP IRA plan.

#### NOTE I - LEASE OBLIGATION

The Foundation leases certain office space under a non-cancelable operating lease with a term of greater than one year. Rent expense related to this lease was \$111,812 and \$120,607, respectively, for the years ended March 31, 2022 and 2021. The future established minimum payments under this lease are as follows for the years ending March 31:

2023	\$ 113,951
2024	116,228
2025	118,542
2026	75,008
	<u>\$ 423,729</u>

#### NOTE J - ENDOWMENTS

The Foundation's endowment consists of 46 individual donor-restricted funds established for a variety of purposes. As required by financial accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

Endowments in Washington State are governed by the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA), as stated in the Revised Code of Washington (RCW) 24.55.

## THE PRIDE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

#### NOTE J - ENDOWMENTS (Continued)

The Foundation's Board has interpreted UPMIFA as 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. As a result of this interpretation, the Foundation retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

#### **Endowment Oversight**

##### **Investment and Spending Policy**

The Foundation will use the endowment to pursue its mission and, in doing so, will seek an appropriate balance between two goals, providing stable and predictable resources year after year, and maintaining the real value of endowment assets and their revenue stream over the long term.

Consistent with this endowment use philosophy, during times of high opportunity and change, the Foundation may spend a higher amount of the income and gain produced by the endowment. During times of low opportunity and change, the Foundation may spend a lower amount of the income and gain produced by the endowment. Annually, the Foundation will spend no less than 4.5% and no more than 7% of its endowment fund's average fair market value over the prior 16 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

##### **Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives**

The Foundation has adopted investment and spending 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 Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the approved benchmark, while assuming a moderate level of investment risk. The approved benchmark is comprised of 42% S&P 500, 6% Russell 2000, 12% Morgan Stanley Capital International EAFE, 35% Barclays Capital US Aggregate, and 5% 3-month US Treasury Bills.

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.

##### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration.

# THE PRIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE J - ENDOWMENTS (Continued)

In accordance with financial accounting standards, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies can result from unfavorable market fluctuations. There were no deficiencies as of March 31, 2022 or 2021.

Changes in Endowment Net Assets With Donor Restrictions for the Year Ended March 31:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 38,029,822	\$31,002,888
Investment return:		
Investment income	701,440	710,530
Investment fees	(227,915)	(202,887)
Net gains	<u>2,608,622</u>	<u>8,373,349</u>
Total investment return	3,082,147	8,880,992
Contributions	241,973	164,581
Donor release	-	-
Appropriation of endowment assets for expenditure	<u>(2,039,579)</u>	<u>(2,018,639)</u>
Endowment net assets, end of year	<u>\$ 39,314,363</u>	<u>\$38,029,822</u>

### NOTE K - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis as of March 31, 2022 is as follows:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Equities	\$ 27,762,215	\$ -	\$ -	\$27,762,215
Fixed income	<u>12,861,798</u>	<u>-</u>	<u>-</u>	<u>12,861,798</u>
Total Investments	40,624,013	-	-	40,624,013
Trusts receivable	<u>-</u>	<u>-</u>	<u>1,275,355</u>	<u>1,275,355</u>
Total Assets Shown at Fair Value	<u>\$ 40,624,013</u>	<u>\$ -</u>	<u>\$ 1,275,355</u>	<u>\$41,899,368</u>

Fair value of assets measured on a recurring basis as of March 31, 2021 is as follows:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Equities	\$ 27,519,963	\$ -	\$ -	\$27,519,963
Fixed income	<u>11,605,647</u>	<u>-</u>	<u>-</u>	<u>11,605,647</u>
Total Investments	39,125,610	-	-	39,125,610
Trusts receivable	<u>-</u>	<u>-</u>	<u>1,323,700</u>	<u>1,323,700</u>
Total Assets Shown at Fair Value	<u>\$ 39,125,610</u>	<u>\$ -</u>	<u>\$ 1,323,700</u>	<u>\$40,449,310</u>

THE PRIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

NOTE K - FAIR VALUE MEASUREMENTS (Continued)

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

	Trusts <u>Receivable</u>
Fair Value as of April 1, 2020	\$ 1,038,527
Total gains included in change in net assets	<u>285,173</u>
Fair Value as of March 31, 2021	1,323,700
Total losses included in change in net assets	<u>(48,345)</u>
Fair Value as of March 31, 2022	<u>\$ 1,275,355</u>

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

NOTE L - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation received loan proceeds in the amount of \$216,700 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provided for loans to qualifying organizations that were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Foundation used the loan proceeds for purposes consistent with the PPP and received notice of forgiveness in December 2020. Accordingly, the loan has been accounted for as a contribution during the year ended March 31, 2021.

NOTE M - RISKS AND UNCERTAINTIES

Management is continually evaluating the financial impact of the COVID-19 pandemic and has concluded that while the pandemic will likely have a minimal effect on the Foundation's financial position, change in net assets, and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to March 31, 2022 through June 27, 2022, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at March 31, 2022, including the estimates inherent in the processing of financial statements.