

SEEDING JUSTICE

FINANCIAL STATEMENTS

Year Ended June 30, 2021

With

Independent Auditor's Report

SEEDING JUSTICE
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Seeding Justice
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying statement of financial position of Seeding Justice (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seeding Justice as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Seeding Justice's financial statements as of and for the year ended June 30, 2020, and our report dated December 3, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richman & Associates, LLC

Portland, Oregon
October 11, 2021

SEEDING JUSTICE
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With comparative amounts for 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,204,059	\$ 1,862,232
Investments	12,534,918	10,236,394
Pledges and grants receivable	734,339	50,000
Property and equipment	10,164	-
Other assets	37,085	22,201
TOTAL ASSETS	<u>\$ 17,520,565</u>	<u>\$ 12,170,827</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Grants payable	\$ 759,539	\$ 35,000
Workplace giving designations payable	5,315	7,503
Accounts and other payables	63,679	67,965
Paycheck Protection Program advance	96,933	75,792
Total Liabilities	<u>925,466</u>	<u>186,260</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	740,408	351,948
Designated by the Board	2,818,783	1,939,337
Net investment in property and equipment	10,164	-
Total net assets without donor restrictions	<u>3,569,355</u>	<u>2,291,285</u>
With donor restrictions:		
Purpose restricted funds	1,888,532	686,658
Restricted for use in future periods	194,260	30,000
Donor restricted endowment funds	10,942,952	8,976,624
Total net assets with donor restrictions	<u>13,025,744</u>	<u>9,693,282</u>
Total Net Assets	<u>16,595,099</u>	<u>11,984,567</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,520,565</u>	<u>\$ 12,170,827</u>

See accompanying notes to financial statements.

SEEDING JUSTICE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
(With comparative totals for 2020)

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020
SUPPORT AND REVENUE:				
Contributed support:				
Grants and contributions	\$ 1,751,859	\$ 4,720,812	\$ 6,472,671	\$ 3,133,553
Government grants	80,792	766,000	846,792	-
Donor Advised Funds contributions	297,198	-	297,198	167,159
Donor in Movement Funds contributions	346,551	-	346,551	-
Indirect public contributions	11,618	-	11,618	17,996
	<u>2,488,018</u>	<u>5,486,812</u>	<u>7,974,830</u>	<u>3,318,708</u>
Special events	10,100	-	10,100	17,806
Less: Direct benefits to donors	(7,324)	-	(7,324)	(10,155)
	<u>2,776</u>	<u>-</u>	<u>2,776</u>	<u>7,651</u>
Revenue:				
Fee for service	15,807	-	15,807	-
Investment gains	221,559	2,290,502	2,512,061	1,430,524
Interest and dividends	12,260	99,172	111,432	135,142
Other revenue	4,124	-	4,124	5,279
	<u>253,750</u>	<u>2,389,674</u>	<u>2,643,424</u>	<u>1,570,945</u>
Net Assets Released From Restrictions:				
Satisfaction of purpose restrictions	4,120,679	(4,120,679)	-	-
Appropriations from donor restricted endowment funds	423,345	(423,345)	-	-
	<u>4,544,024</u>	<u>(4,544,024)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>7,288,568</u>	<u>3,332,462</u>	<u>10,621,030</u>	<u>4,897,304</u>
EXPENSES:				
Program services	5,569,151	-	5,569,151	3,321,576
Administration	202,023	-	202,023	158,729
Fund raising	239,324	-	239,324	155,427
Total Expenses	<u>6,010,498</u>	<u>-</u>	<u>6,010,498</u>	<u>3,635,732</u>
CHANGE IN NET ASSETS	<u>1,278,070</u>	<u>3,332,462</u>	<u>4,610,532</u>	<u>1,261,572</u>
NET ASSETS AT BEGINNING OF YEAR	<u>2,291,285</u>	<u>9,693,282</u>	<u>11,984,567</u>	<u>10,722,995</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 3,569,355</u></u>	<u><u>\$ 13,025,744</u></u>	<u><u>\$ 16,595,099</u></u>	<u><u>\$ 11,984,567</u></u>

See accompanying notes to financial statements.

SEEDING JUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021
(With comparative totals for 2020)

	2021						2020
	Program Services	Adminis- tration	Fund Raising	Direct Benefits to Donors	Shared Cost Pool	Total	
Direct Grants:							
Funding cycle grants	\$ 492,638	\$ -	\$ -	\$ -	\$ -	\$ 492,638	\$ 374,560
Tavel & Critical Response grants	31,000	-	-	-	-	31,000	37,500
Lilla Jewel grants	20,000	-	-	-	-	20,000	30,000
Donor advised grants	542,870	-	-	-	-	542,870	543,940
COVID-19 Com. Response grants	-	-	-	-	-	-	1,131,000
Oregon Worker Relief Fund grants	1,423,080	-	-	-	-	1,423,080	750,000
Warm Springs grants	961,815	-	-	-	-	961,815	20,130
Time Immemorial grants	432,672	-	-	-	-	432,672	-
Rogue Valley relief grants	730,440	-	-	-	-	730,440	-
Addiction Recovery Assistance Fund grants	209,367	-	-	-	-	209,367	-
Ambo Fund grants	100,000	-	-	-	-	100,000	-
Other grants and sponsorships	36,438	-	-	-	-	36,438	-
	4,980,320	-	-	-	-	4,980,320	2,887,130
Personnel:							
Wages	149,795	54,767	86,397	-	142,838	433,797	382,362
Payroll taxes	15,780	4,606	9,194	-	15,359	44,939	34,421
Employee benefits	-	-	-	-	113,826	113,826	71,500
	165,575	59,373	95,591	-	272,023	592,562	488,283
Other:							
Professional fees	211,721	63,533	20,179	-	49,772	345,205	147,778
Office rent & other occupancy	-	-	-	-	6,004	6,004	30,464
Copying & printing	267	-	14,361	-	34	14,662	8,477
Office supplies	1,507	321	364	-	3,889	6,081	9,207
Telephone	-	-	50	-	698	748	1,416
Postage	55	5	4,430	-	2,846	7,336	1,613
Equipment repair & lease	2,595	-	-	-	733	3,328	3,142
Insurance	979	4,933	-	-	224	6,136	5,314
Meetings & travel	1,354	52	406	-	1,257	3,069	18,750
Books & staff development	4,624	480	495	-	1,959	7,558	5,061
Event expense	-	-	1,044	7,324	-	8,368	14,420
Miscellaneous	24,423	3,802	4,569	-	-	32,794	22,285
Workplace giving costs	-	-	1,867	-	-	1,867	1,834
Depreciation	-	-	-	-	1,784	1,784	713
Allocation of shared costs	175,731	69,524	95,968	-	(341,223)	-	-
	423,256	142,650	143,733	7,324	(272,023)	444,940	270,474
Total Expenses	\$ 5,569,151	\$ 202,023	\$ 239,324	\$ 7,324	\$ -	\$ 6,017,822	\$ 3,645,887

See accompanying notes to financial statements.

SEEDING JUSTICE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021
(With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors, donors and others	\$ 7,251,499	\$ 3,265,926
Interest and dividends received	111,432	135,142
Cash received from the Paycheck Protection Program	96,933	75,792
Cash paid to grantees	(4,264,738)	(2,858,513)
Cash paid to suppliers and employees	(1,054,888)	(743,695)
Net cash provided by (used in) operating activities	<u>2,140,238</u>	<u>(125,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	398,034	824,895
Purchases of investments	(184,497)	(195,656)
Purchases of property and equipment	(11,948)	-
Net cash provided by (used in) investing activities	<u>201,589</u>	<u>629,239</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to donor restricted endowment funds	-	32,836
Net cash provided by (used in) investing activities	<u>-</u>	<u>32,836</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,341,827	536,727
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,862,232</u>	<u>1,325,505</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,204,059</u>	<u>\$ 1,862,232</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Stock donations simultaneously received and liquidated	\$ 245,444	\$ 136,449

See accompanying notes to financial statements.

SEEDING JUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION

Seeding Justice (formerly McKenzie River Gathering Foundation), an Oregon non-profit corporation, has funded grassroots, social justice organizing in Oregon since 1976. Through leveraging support from a community of progressive donors and our activist-led grantmaking committee, Seeding Justice has been able to support a range of issues, including LGBTQ rights, economic justice, environmental protection, racial equity, and human rights. Our grantees are community-led groups that organize and provide resources for social change in Oregon, and work towards systemic change by building leadership and community power. Much of our funding comes from contributions from the general public.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements of Seeding Justice have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Seeding Justice to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Seeding Justice's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Seeding Justice or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-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 statement of cash flows, Seeding Justice considers all cash and other liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Seeding Justice deposits its cash in high credit quality institutions. From time-to-time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation or the National Credit Union Association and as such may subject Seeding Justice to concentrations of credit risk. As of June 30, 2021, deposits at two financial institutions exceeded the FDIC insured limit by an aggregate amount of \$2,939,420; balances at one credit union exceeded NCUA coverage by \$66,081; and \$35,624 was held in uninsured accounts. Seeding Justice investments in money funds are uninsured by the FDIC. Certain receivables may also subject Seeding Justice to concentrations of credit risk.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

Property and Equipment

Office equipment, furniture and leasehold improvements are carried at cost, and at market value when acquired by gift. Depreciation on equipment and furniture is provided on the straight-line basis over the estimated useful lives of the respective assets, which is from three to 5 years. Amortization of leasehold improvements is included in depreciation expense and is provided on the straight-line basis over the lease term, which is 5 years. Seeding Justice follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

Investments and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income is reported net of related investment expenses in the statement of activities.

Revenue and Revenue Recognition

Seeding Justice recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Seeding Justice recognizes revenue from its fiscal agent services agreement upon completion of all performance obligations (i.e., the required number of grants have been disbursed to the nonprofit organizations specified in the agreement and in the amounts specified in the contract). Payment is required upon the completion of the entirety of the specified performance requirements. Revenue recognized under the agreement for fiscal agent services amounted to

\$14,707 in the year ended June 30, 2021, and as of June 30, 2021 there were no customer contract receivables, contract assets, or contract liabilities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Contributions

Seeding Justice recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Seeding Justice receives contributed services from volunteers who assist in a range of program activities. In accordance with FASB ASC 958-605-50, the value of such services, which Seeding Justice considers not practicable to estimate, has not been recognized in the statement of activities.

In-kind contributions of equipment and other materials are recorded when there is an objective basis upon which to value the contribution and where the contribution is an essential part of the Seeding Justice's activities.

No significant contributions of such goods or services were received during the year ended June 30, 2021.

Grant Expenses

Grant expenses are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

Advertising Expenses

Advertising costs are charged to expense as they are incurred. There were no advertising expenses for the year ended June 30, 2021.

Functional Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the statements of activities. Specific expenses that are readily identifiable to a single program activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Accordingly, these expenses require allocation on a reasonable basis that is consistently applied. Payroll costs are allocated based on estimates of employee time and effort. Other expenses that are allocated are maintained in a shared cost pool that includes some payroll costs, professional services, occupancy, postage, office supplies, printing and copying, telephone and internet, some travel, depreciation and miscellaneous other costs. The shared cost pool is allocated across program and supporting services functions based on the estimated employee FTE of each function.

Income Taxes

Seeding Justice is a nonprofit corporation exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Any activity conducted by Seeding Justice subject to unrelated business income tax is not material; therefore, there is no provision for income taxes in the accompanying financial statements. Seeding Justice is not a private foundation.

Under generally accepted accounting principles, an organization must also evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2021.

Federal exempt organization information returns for Seeding Justice are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Use of Estimates

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

Summarized Financial Information for 2020

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Also, prior year summarized comparative information on the statement of functional expenses is not presented in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the agency’s financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain reclassifications have been made to 2020 amounts to conform to the 2021 presentation.

Subsequent Events

Subsequent events were evaluated through October 11, 2021, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standards

Seeding Justice has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of the financial statements for implementation required no changes to the presentation of Seeding Justice’s revenues or financial statements.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents Seeding Justice’s financial assets at June 30, 2021:

Financial assets at year-end:	
Cash and equivalents	\$ 4,204,059
Investments	12,534,918
Pledges and grants receivable	<u>734,339</u>
	17,473,316
Less: Non-current pledges and grants receivable	94,260
Less: Board designated for operating reserves, endowments, and donor advised funds	<u>2,818,783</u>
Less: Donor restricted endowment funds	<u>10,942,952</u>
	<u>13,855,995</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,617,321</u>

As part of its liquidity management plan, Seeding Justice has a policy to structure its financial assets to be available as general expenditures and liabilities become due, with excess cash invested in money market accounts and certificates of deposit.

The Board-designated general operating reserve amounting to \$753,500 as of June 30, 2021 provides, at the Board’s discretion, funding for ongoing operations and strategic investment opportunities; resources to meet unplanned obligations, material uninsured losses, or other unexpected events; and to fulfill other strategic purposes or near-term needs.

NOTE 4 –PAYCHECK PROTECTION PROGRAM AND IMPACTS OF COVID-19

The COVID-19 outbreak in the United States beginning in early 2020 has caused business disruption through mandated closings of nonessential businesses and activities. While the disruption is currently expected to be temporary and businesses are beginning to re-open, there is considerable uncertainty around the duration of the pandemic and its effects on business operations.

In the year ended June 30, 2020, the Board set aside \$300,000 from reserves to initiate a COVID Community Response Fund. The Fund deployed resources to community-based organizations that were at the frontlines of the COVID-19 outbreak in Oregon. Three other community-driven funds - The Chúush Fund, the Oregon Worker Relief Fund, and the Since Time Immemorial Fund were initiated in the year ended June 30, 2020 as well, which all grew as the pandemic continued. Those efforts continued in the year ended June 30, 2021.

In the year ended June 30, 2021, to assist Oregonians in recovering from the impacts of COVID-19, Seeding Justice established four additional community-driven funds - the Rogue Valley Relief Fund, Disability Cohort, My Valley My Home, and the Addiction Recovery Assistance Fund. Management anticipates further use of our reserves in the year ending June 30, 2022 because of the great need in our communities, the uncertain and modest financial projections for the economy in the coming year, and the resulting likelihood of added pressure and stress on fundraising efforts.

On April 22, 2020, Seeding Justice was granted a \$75,792 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. Seeding Justice was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Seeding Justice initially recorded the loan as a refundable advance. Upon notice on April 12, 2021 of approval by the SBA of its application for complete loan forgiveness, Seeding Justice recognized grant revenue of \$75,792 in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

On January 26, 2021, Seeding Justice was granted a second loan under the PPP amounting to \$96,933 and subject to the same terms and conditions as the earlier PPP loan. Seeding Justice initially recorded the loan as a refundable advance that remained as a liability as of June 30, 2021. During the year ending June 30, 2022, upon notice on September 10, 2021 of approval by the SBA of its application for complete loan forgiveness, Seeding Justice has recognized grant revenue of \$96,933 in accordance with guidance for conditional contributions.

NOTE 5 – INVESTMENTS

Investments, consisting primarily of money funds, certificates of deposit, debt securities and equity securities, have been classified, for disclosure purposes, based on the hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At June 30, 2021, all of Seeding Justice’s investments are measured at fair value on a recurring basis, and consist of the following:

		Fair Value Measurements At Reporting Date Using	
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	Fair Value		
Cash/bank sweep accounts	\$ 111,586	\$ 111,586	\$ -
Fixed income	3,825,875	-	3,825,875
Equities	8,597,457	8,597,457	-
	<u>\$ 12,534,918</u>	<u>\$ 8,709,043</u>	<u>\$ 3,825,875</u>

Investment expenses amounted to \$73,935 for the year ended June 30, 2021.

NOTE 6 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of the following as of June 30, 2021:

Receivable in less than one year	\$ 640,079
Receivable in one to five years	<u>100,000</u>
Total face value of unconditional promises to give	740,079
Less unamortized discount to present value based on a 3% rate	<u>(5,740)</u>
Net pledges and grants receivable	<u>\$ 734,339</u>

Based on management's knowledge and experience with the donors and grantors, management believes the receivables to be fully collectible. Accordingly, no allowance for uncollectible pledges and grants receivable has been established as of June 30, 2021.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2021:

Equipment	\$ 23,055
Less accumulated depreciation	<u>(12,891)</u>
	<u>\$ 10,164</u>

In the year ended June 30, 2021, Seeding Justice incurred approximately \$67,000 in costs to investigate the viability of establishing a community-facing building project called the "Center for Social Justice". The Center is conceptualized as an office, gathering space, and resource hub for grassroots groups, with more than 1,000 square feet of storefront, and featuring an innovative, first-of-its-kind-in-the-region investment and management structure that will provide local grassroots nonprofits an opportunity to use habitable office and event space for work and events and provide stability and sustainability.

In August 2021, having acquired funding commitments for approximately 40% of the approximate \$7,270,000 project budget, the Seeding Justice Board of Directors approved proceeding with the project and entering into a \$1,000,000 bank line-of-credit to further support project development. Though the eventual ownership and management structure of the Center among collaborating entities is still being planned, as of the report date, Seeding Justice has entered into an agreement to purchase property located on Mississippi Street in Portland, Oregon for \$1,500,000. Management projects no line-of-credit draw will be necessary for the anticipated purchase closing during November 2021.

NOTE 8 – ENDOWMENT FUNDS

Seeding Justice's endowment consists of 6 individual funds established for a variety of purposes. Its endowment includes both donor restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Seeding Justice considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the 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 Seeding Justice, and (7) Seeding Justice's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. Seeding Justice has adopted investment and spending policies, approved by the Board of Directors, for endowment assets 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. Endowment assets are invested in a diversified asset mix, that includes equity and debt securities that meet Seeding Justice's criteria for socially responsible investments and that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions of 5%, while growing the funds if possible. Therefore, Seeding Justice expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. 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.

Spending Policy. Seeding Justice has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value at the end of the prior 16 quarters through March 31 of the fiscal year preceding the fiscal year in which the distribution is planned. In establishing this policy, Seeding Justice 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. Seeding Justice expects the current spending policy to allow its endowment funds to grow at a nominal average rate of about 3% annually. This is consistent with Seeding Justice'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.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

		With Donor Restrictions			Total Funds as of June 30, 2021
	Without Donor Restrictions	Original Gift	Accumulated gains & losses	Total	
Donor restricted endowment funds:					
General Endowment Fund	\$ -	\$ 1,257,703	\$ 1,337,504	\$ 2,595,208	\$ 2,595,208
Kellogg Family Fund	-	4,484,529	2,026,642	6,511,171	6,511,171
FEX Endowment Fund	-	621,541	633,372	1,254,913	1,254,913
Michael Smith Endowment Fund	-	116,249	134,733	250,982	250,982
Lilla Jewel Endowment Fund	-	156,592	174,086	330,678	330,678
Board-designated endowment fund	1,173,098	-	-	-	1,173,098
Total all endowment funds	\$ 1,173,098	\$ 6,636,614	\$ 4,306,337	\$ 10,942,952	\$ 12,116,050

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 979,139	\$ 8,976,624	\$ 9,955,763
Restricted contributions	-	-	-
Investment income	9,390	99,172	108,562
Net appreciation (depreciation)	220,776	2,290,501	2,511,277
Amounts appropriated for expenditure	(36,207)	(423,345)	(459,552)
Endowment net assets, end of year	\$ 1,173,098	\$ 10,942,952	\$ 12,116,050

NOTE 9- NET ASSETS DESIGNATED BY THE BOARD

Net assets designated by the Board are as follows as of June 30, 2021:

• General operating reserve	\$ 753,500
• FEX apartment sale proceeds operating reserve	478,674
• Donor-advised funds	249,382
• Donor in movement funds	164,129
• Endowment, subject to spending policy and appropriations to support Seeding Justice's grant-making activities	1,173,098
	<u>\$ 2,818,783</u>

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows as of June 30, 2021:

Subject to expenditure for specified purposes:

• <i>Maude T. Kernan Fund</i> - racial justice and environmental works.	\$ 20,654
• <i>Immigrant and Refugee Fund</i>	13,950
• <i>Meyer Memorial Trust Fund</i>	100,000
• <i>Rogue Valley Relief Fund</i>	508,825
• <i>My Valley My Home Fund</i>	31,747
• <i>Addiction Recovery Assistance Fund</i>	503,300
• <i>Columbia River Fund.</i>	70,000
• <i>Oregon Worker Relief Fund</i> - supporting issues impacting immigrants and refugees, and the organizations that support them, across the state.	504,134
• <i>Since Time Immemorial Fund</i> - Tribal communities across the region when opportunity or need arises in response to COVID-19.	135,922

Total subject to expenditure for specified purposes	<u>1,888,532</u>
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Subject to use in future periods-general operations	<u>194,260</u>
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Donor- restricted endowments subject to spending policy and appropriation, to support the following purposes:

• <i>General Endowment</i> -general operations and grants.	2,595,208
• <i>Kellogg Family Fund</i> - donor advised grants.	6,511,171
• <i>FEX Endowment Fund</i> - general operations and grants.	1,254,913
• <i>Michael Smith Fund</i> - general operations and grants.	250,982
• <i>Lila Jewel Fund</i> -lesbian and women artists and organizations.	330,678

Total donor restricted endowments	<u>10,942,952</u>
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Total net assets with donor restrictions	<u>\$ 13,025,744</u>
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NOTE 11- NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from restrictions are as follows for the year ended June 30, 2021:

Satisfaction of purpose restrictions:

• COVID-19 Community Response Fund	\$ 5,506
• Oregon Worker Relief Fund	1,471,796
• Rogue Valley Relief Fund	708,035
• My Valley My Home Fund	11,265
• Collins Foundation	30,000
• Addiction Recovery Assistance Fund	262,700
• Tribal support	1,631,377
	<hr/> 4,120,679

Appropriations from donor restricted endowment funds:

• General Endowment fund for general operations and grants	90,983
• FEX Endowment Fund for general operations and grants	44,963
• Michael Smith Fund for general operations and grants	8,410
• Kellogg Family Fund for donor advised grants	251,062
• Lilla Jewel Fund for lesbian and women artist funding	44,963
	<hr/> 423,345
Total net assets released from restriction	<hr/> <hr/> \$ 4,544,024

NOTE 12 – RETIREMENT PLAN

Seeding Justice has adopted a defined contribution retirement plan to cover essentially all employees who have been employed for one year or more. Seeding Justice's contributions to the plan amounted to \$23,331 for the year ended June 30, 2021.

NOTE 13 – OPERATING LEASE COMMITMENTS

Seeding Justice ended its Portland office facilities lease in August, 2020. Seeding Justice also leases a copy machine under an operating lease that expires in August 2022.

Minimum required annual payments under noncancelable leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	2,664
2023	444
Total minimum required payments	<hr/> \$ 3,108

Total rent and lease expense amounted to \$4,400 for the year ended June 30, 2021.