

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Financial Statements

For the Year Ended June 30, 2024

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Independent Auditor's Report

**To the Board of Directors
Seeding Justice
Portland, Oregon**

Opinion

We have audited the consolidated financial statements of Seeding Justice and Subsidiaries (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements for the year ended June 30, 2023, and we expressed an unmodified opinion on those audited financial statements in our report dated February 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it had been derived.



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Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 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 the Organization'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 Organization'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.

Clark Nuber P.S.

Certified Public Accountants
February 4, 2025

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Financial Position June 30, 2024 (With Comparative Totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 5,778,360	\$ 27,255,512
Investments	14,962,519	22,891,117
Pledges and grants receivable	1,106,334	46,200
Property and equipment	9,106,146	1,959,785
Other assets	5,566	128,132
Total Assets	<u>\$ 30,958,925</u>	<u>\$ 52,280,746</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable	\$ 756,437	\$ 14,114,927
Accounts and other payables	278,638	120,863
Deferred grant revenue	3,253,736	21,907,271
Total Liabilities	4,288,811	36,143,061
Net Assets:		
Without donor restrictions	12,094,787	3,646,926
With donor restrictions	14,575,327	12,490,759
Total Net Assets	<u>26,670,114</u>	<u>16,137,685</u>
Total Liabilities and Net Assets	<u>\$ 30,958,925</u>	<u>\$ 52,280,746</u>

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Activities For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
Support and Revenue:				
Contributed support-				
Grants and contributions	\$ 1,525,344	\$ 1,696,320	\$ 3,221,664	\$ 1,737,109
Government grants		16,202,857	16,202,857	21,248,092
Donated building and land	7,020,000		7,020,000	
DAF and Donor in Movement Funds contributions	1,004,929		1,004,929	300,740
Other support	435,153		435,153	
Net assets released from restrictions	17,421,730	(17,421,730)		
	27,407,156	477,447	27,884,603	23,285,941
Special events	195,956		195,956	198,337
Less direct benefits to donors	(85,679)		(85,679)	(51,740)
	110,277		110,277	146,597
Revenue-				
Fee for service and other revenue	3,097,077		3,097,077	1,645,703
Return on investments	317,598	1,607,121	1,924,719	1,780,519
	3,414,675	1,607,121	5,021,796	3,426,222
Total Support and Revenue	30,932,108	2,084,568	33,016,676	26,858,760
Expenses:				
Program services	20,503,725		20,503,725	24,577,835
Administration	1,616,422		1,616,422	801,094
Fundraising	364,100		364,100	368,004
Total Expenses	22,484,247		22,484,247	25,746,933
Change in Net Assets	8,447,861	2,084,568	10,532,429	1,111,827
Net assets at beginning of year	3,646,926	12,490,759	16,137,685	15,025,858
Net Assets at End of Year	\$ 12,094,787	\$ 14,575,327	\$ 26,670,114	\$ 16,137,685

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	2024					
	Program Services	Administration	Fundraising	Direct Benefits to Donors	Total	2023
Direct Grants:						
Reproductive Health Equity Fund grants	\$ 8,174,756	\$ -	\$ -	\$ -	\$ 8,174,756	\$ 5,181,291
Child Care Capacity Building grants	6,643,839				6,643,839	12,626,161
American Rescue Plan Act grants	1,233,055				1,233,055	3,635,410
Funding cycle grants	985,000				985,000	581,600
Other government grants	311,250				311,250	
Kellogg grants	231,466				231,466	
Donor advised grants	215,893				215,893	184,300
Ambo and Chuush tribal fund	143,651				143,651	
Justice fellowship	100,000				100,000	
Other grants and sponsorships	71,086	1,725			72,811	91,558
Travel and critical response grants	62,407				62,407	120,200
Oregon Worker Relief Fund grants						190,000
	18,172,403	1,725			18,174,128	22,610,520
Personnel:						
Wages	804,934	674,125	235,737		1,714,796	1,015,126
Payroll taxes	76,043	68,026	20,599		164,668	99,984
Employee benefits	47,997	278,742	21,575		348,314	248,259
	928,974	1,020,893	277,911		2,227,778	1,363,369
Other:						
Professional fees	953,060	378,778	21,035		1,352,873	1,536,010
Meetings, travel and events	34,833	36,733	4,596	85,679	161,841	126,455
Other operating costs	27,406	97,004	24,321		148,731	68,829
Supplies and equipment	363,240	53,924	5,529		422,693	47,154
Material printing and shipping	601	1,861	23,765		26,227	40,825
Depreciation	23,208	25,504	6,943		55,655	5,511
Total Expenses	\$ 20,503,725	\$ 1,616,422	\$ 364,100	\$ 85,679	\$ 22,569,926	\$ 25,798,673

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Cash Flows For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 10,532,429	\$ 1,111,827
Adjustments to reconcile change in net assets to net cash used in operating activity-		
Depreciation	55,655	5,511
Donated building and land received	(7,020,000)	
Unrealized gain on investments	(1,691,409)	(1,251,093)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(1,060,134)	148,060
Other assets	122,566	(103,132)
Grants payable	(13,358,490)	12,724,249
Accounts and other payables	157,775	10,154
Deferred grant revenue	<u>(18,653,535)</u>	<u>16,067,663</u>
Net Cash (Used in) Provided by Operating Activities	(30,915,143)	28,713,239
Cash Flows From Investing Activities:		
Proceeds from investments	11,066,651	967,454
Purchases of investments	(1,446,644)	(12,700,068)
Purchases of property and equipment	<u>(182,016)</u>	<u>(332,094)</u>
Net Cash Provided by (Used in) Investing Activities	<u>9,437,991</u>	<u>(12,064,708)</u>
Net Change in Cash and Cash Equivalents	(21,477,152)	16,648,531
Cash and cash equivalents at beginning of year	<u>27,255,512</u>	<u>10,606,981</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,778,360</u>	<u>\$ 27,255,512</u>

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Organization

Seeding Justice (formerly McKenzie River Gathering Foundation), an Oregon nonprofit corporation, has funded grassroots, social justice organizing in Oregon since 1976. Through leveraging support from a community of progressive donors and Seeding Justice's 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. Seeding Justice's 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.

3625 N Mississippi LLC (formerly the Center for Social Justice LLC), an Oregon limited liability company, was formed in October 2021, with Seeding Justice as the sole member. 3625 N Mississippi LLC owns a building in Portland, Oregon.

The Center for Social Justice LLC (the Center, formerly 510 3rd LLC), an Oregon limited liability company, was formed in December 2023 with Seeding Justice as the sole member, to hold another building that was received in January 2024. This building is intended to be a nonprofit incubator, gathering space, and resource hub for grassroots groups.

In June 2024, the Organization filed for name changes for the two LLCs noted above. The former Center for Social Justice LLC was renamed 3625 N Mississippi LLC, and the former 510 3rd LLC was renamed the Center for Social Justice LLC.

Oregon Community Climate Investment Fund LLC (OCCIF LLC), an Oregon limited liability company, was formed in October 2023 with Seeding Justice as the sole member, to facilitate carbon credit programs.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Seeding Justice and its wholly-owned subsidiaries, (collectively, the Organization), after elimination of inter-entity accounts and transactions.

Basis of Accounting - The accompanying consolidated 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 (U.S. GAAP).

Basis of Presentation - The consolidated financial statements of the Organization have been prepared in conformity with U.S. GAAP. These principles require the Organization to present its net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. 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 consolidated statement of activities as net assets released from restrictions. Contributions that the donor requires to be used to acquire long lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as time or purpose restricted.

When the long-lived assets are placed in service, the Organization reflects the satisfaction of the donor-imposed restriction as a release from net assets with donor restrictions to net assets without donor restrictions.

Federal Income Taxes - The Internal Revenue Service (IRS) has determined that Seeding Justice is a not-for-profit organization and has been recognized as exempt from federal income taxes, except for unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for federal income taxes has been made in the consolidated financial statements.

Center for Social Justice LLC is a functionally-related business within the meaning of IRC Section 4942(j)(4). As such, the LLC's activities are reported along with the Foundation on its annual IRS information return, Form 990.

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

Contribution and Grant Revenue - Contributions and grants are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value on the date received. Conditional promises to give are recognized as revenue when the donor-imposed conditions upon which they depend have been met.

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.

There were \$3,253,736 and \$21,907,271 of conditional government grants that were received and not earned at June 30, 2024 and 2023, respectively. These have been recognized as deferred grant revenue on the consolidated statement of financial position.

For the years ended June 30, 2024 and 2023, 91% and 82%, respectively, of government grant revenue was from two grants.

For the year ended June 30, 2024, 25% of grants and contribution revenue was from one donor. There were no such concentrations for the year ended June 30, 2023.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

For the year ended June 30, 2024, the Organization received a building and associated land by donation from a donor. The property was valued at \$7,020,000.

Cash and Cash Equivalents - For purposes of the consolidated statement of cash flows, the Organization 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 - The Organization deposits its cash in various 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.

Pledges and Grants 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, property and leasehold improvements are recognized at cost when purchased, or at market value when acquired by gift. Depreciation and amortization is provided on the straight-line basis over the following periods:

Equipment and furniture	3 - 5 years
Leasehold improvements	Lesser of the term of lease agreement, or 5 years
Building	30 years

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500.

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

In-Kind Contributions - The Organization 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.

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 Organization's activities.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

In December 2023, the Organization received a donation of a commercial building in Portland, Oregon. The building has two commercial subtenants with lease agreements through February 2026. The Organization intends to lease the remaining space to mission-aligned, movement partners, and grassroots not-for-profit organizations, to become a gathering space and hub as the Center for Social Justice. The Organization registered a new limited liability company to hold the property, the Center for Social Justice LLC (formerly 510 SW 3rd LLC). The fair value at time of donation was \$7,020,000.

No significant contributions of such goods or services were received during the year ended June 30, 2023.

Leases - The Organization, as a lessor, determines if an arrangement is or contains a lease at inception, following guidance under FASB Accounting Standards Codification (ASC) 842. A contract is a lease if it conveys the right to control the use of an identified area of the building for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the space and the right to direct the use of the space. Management only reassesses its determination if the terms and conditions of the contract are changed. Rental income is recognized each year equal to the amounts due under the lease for base rents and additional rents.

Grant Expenses - Grant expenditures are made in accordance with the Organization's mission and 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. Grants executed but unpaid at year end are reported as liabilities on the consolidated statement of financial position, provided the grant is not subject to future conditions. At June 30, 2024, there were no outstanding conditional grant commitments. At June 30, 2023, the Organization had committed to conditional grants of \$30,000.

Functional Expenses - The costs of providing program and supporting activities have been summarized on a functional basis in the consolidated statement 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 full-time equivalent of each function.

Summarized Financial Information for 2024 - For comparative purposes, the consolidated financial statements include certain prior year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent Events - Subsequent events were evaluated through February 4, 2025, which is the date on which the consolidated financial statements were available to be issued.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 3 - Investments

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2024 and 2023.

Equities - Valued at the closing price reported on the active market on which these securities are traded.

Fixed Income - Valued using quoted pricing in active markets for similar instruments.

Fair values of the Organization's investments measured on a recurring basis were as follows:

	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Equities	\$ 8,368,435	\$ -	\$ -	\$ 8,368,435
Fixed income		3,887,340		3,887,340
Total Investment Assets at Fair Value at June 30, 2024	\$ 8,368,435	\$ 3,887,340	\$ -	12,255,775
Cash held in the investment portfolio				171,395
Certificates of deposit reported at cost plus accrued interest				2,535,349
Total Investments at June 30, 2024				\$14,962,519

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 3 - Continued

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equities	\$ 7,170,705	\$ -	\$ -	\$ 7,170,705
Fixed income		3,581,334		3,581,334
Total Investment Assets at Fair Value at June 30, 2023	\$ 7,170,705	\$ 3,581,334	\$ -	10,752,039
Cash held in the investment portfolio				154,620
Certificates of deposit reported at cost plus accrued interest				11,984,458
Total Investments at June 30, 2023				\$22,891,117

Note 4 - Pledges and Grants Receivable

Pledges and grants receivable consisted of the following as of June 30:

	2024	2023
Receivables to be collected within one year	\$ 806,334	\$ 46,200
Receivables to be collected in two to five years	300,000	
Total Pledges and Grants Receivable	\$ 1,106,334	\$ 46,200

No allowance for uncollectible pledges and grants receivable has been established as of June 30, 2024 and 2023.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 5 - Property and Equipment

Property and equipment consisted of the following as of June 30:

	2024	2023
Building	\$ 2,945,780	\$ -
Land	4,074,220	
Equipment	39,649	36,150
Software development in progress	467,749	298,749
Construction in progress	1,658,379	1,648,862
	9,185,777	1,983,761
Less accumulated depreciation	(79,631)	(23,976)
Property and Equipment, Net	\$ 9,106,146	\$ 1,959,785

During the year ended June 30, 2022, the Organization purchased the Mississippi building. The Organization had planned for fundraising efforts in order to begin renovation on the building for use as the Center for Social Justice. However, in December 2023, the Organization received the Postal Building (the Building) as an in-kind donation (Note 2). Efforts for fundraising for the Mississippi building ceased and the original mission for the Center for Social Justice was transitioned to the Building.

Assets Leased to Third Parties - As discussed further in Note 6, during the year ended June 30, 2024, the Organization took on lease agreements to third parties with its acquisition of a building in Portland. The property includes a portion of the building with a net book value of \$967,840 at June 30, 2024. Depreciation expense on the portion of the building was \$6,815 for the year ended June 30, 2024.

Note 6 - Lease Contracts

The Organization is leasing a portion of its property at 510 SW Third Avenue, Portland, Oregon, to two tenants under leases that began prior to the Organization's acquisition of the property. One lease is for an initial term through February 2027, with one additional three-year extension available to the tenant. The tenant pays base monthly rents and is also responsible for payment of all operating costs, utilities, licenses, and taxes associated with its portion of the property. The other lease is for an initial term through May 2030, with two additional five-year extension terms available to the tenant. Under the original lease agreement, the tenant pays base monthly rents and is also responsible for payment of all operating costs, utilities, licenses, and taxes associated with its portion of the property. The lease was amended to replace the base monthly rents with variable monthly rent based on its sales revenue, through January 2025. The minimum schedule below does not include the base monthly rents for the remaining term of the lease agreement after January 2025, as management anticipates renewing the variable monthly rent terms.

SEEDING JUSTICE AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

Note 6 - Continued

Future base rental payments for the leases are as follows:

For the Year Ending June 30,

2025	\$ 49,339
2026	<u>33,797</u>
Total Minimum Lease Receipts	<u>\$ 83,136</u>

Note 7 - Endowment Funds

The Organization's endowment consists of six individual funds established for a variety of purposes. Its endowments include both donor restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, 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 Oregon State Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund;
- The purposes of Seeding Justice and the endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of Seeding Justice; and
- The investment policies of Seeding Justice.

Investment Return Objectives, Risk Parameters and Strategies - The Organization 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 the Organization'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, the Organization 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.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 7 - Continued

Spending Policy - The Organization 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, 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 Organization 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 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.

Endowment net asset composition by type of fund as of June 30 was as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Unspent Earnings	Corpus	2024
General endowment fund	\$ -	\$ 1,446,237	\$ 1,257,703	\$ 2,703,940
Kellog Family grantmaking fund		1,665,776	4,484,529	6,150,305
FEX endowment fund for operations		687,108	621,541	1,308,649
Michael Smith grantmaking endowment fund		144,783	116,249	261,032
Lilla Jewel grantmaking for the benefit of women, children and peace endowment fund		187,624	156,592	344,216
Board-designated endowment fund	1,216,367			1,216,367
Total All Endowment Funds	\$ 1,216,367	\$ 4,131,528	\$ 6,636,614	\$ 11,984,509

	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Unspent Earnings	Corpus	2023
General endowment fund	\$ -	\$ 1,172,923	\$ 1,257,703	\$ 2,430,626
Kellog Family grantmaking fund		1,344,157	4,484,529	5,828,686
FEX endowment fund for operations		552,039	621,541	1,173,580
Michael Smith grantmaking endowment fund		119,521	116,249	235,770
Lilla Jewel grantmaking for the benefit of women, children and peace endowment fund		153,595	156,592	310,187
Board-designated endowment fund	1,107,603			1,107,603
Total All Endowment Funds	\$ 1,107,603	\$ 3,342,235	\$ 6,636,614	\$ 11,086,452

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 7 - Continued

Changes in endowment net assets for the years ended June 30 were as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Unspent Earnings	Corpus	Total
Endowment net assets, July 1, 2022	\$ 982,419	\$ 2,104,084	\$ 6,636,614	\$ 9,723,117
Endowment investment return, net	131,276	1,300,328		1,431,604
Amounts appropriated for expenditure	(6,092)	(62,177)		(68,269)
Endowment Net Assets, June 30, 2023	1,107,603	3,342,235	6,636,614	11,086,452
Endowment investment return, net	116,068	1,607,121		1,723,189
Amounts appropriated for expenditure	(7,304)	(817,828)		(825,132)
Endowment Net Assets, June 30, 2024	\$ 1,216,367	\$ 4,131,528	\$ 6,636,614	\$ 11,984,509

Note 8 - Net Assets Without Donor Restrictions

Net assets without donor restrictions were as follows as of June 30:

	2024	2023
General operating reserve	\$ 753,500	\$ 753,500
FEX apartment sale proceeds operating reserve	478,674	478,674
Donor-advised funds	453,574	103,641
Donor in movement funds	223,686	65,032
CAUSA dissolution funds	420,652	
Quasi-endowment	1,216,367	1,107,603
Total board designated net assets	3,546,453	2,508,450
Invested in the Postal Building	6,970,904	
Undesignated	1,577,430	1,138,476
Total Net Assets Without Donor Restrictions	\$ 12,094,787	\$ 3,646,926

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time- Pledges receivable without purpose restrictions	\$ 600,000	\$ -
Subject to expenditure for specified purposes- Community funds	1,458,661	725,033
Building funds	<u>1,748,524</u>	<u>1,786,877</u>
Total subject to expenditure for specified purposes	3,207,185	2,511,910
Accumulated unspent return on endowment	4,131,528	3,342,235
Restricted in perpetuity- Endowment funds restricted by donors	<u>6,636,614</u>	<u>6,636,614</u>
Total Net Assets With Donor Restrictions	<u>\$ 14,575,327</u>	<u>\$ 12,490,759</u>

Note 10 - Retirement Plan

The Organization has adopted a defined contribution retirement plan to cover essentially all full-time employees who have been employed for three months or more. The Organization's contributions to the plan amounted to \$90,288 and \$51,895 for the years ended June 30, 2024 and 2023, respectively.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 11 - Availability and Liquidity

The following represents the Organization's financial assets at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year end-		
Cash and equivalents	\$ 5,778,360	\$ 27,255,512
Investments	14,962,519	22,891,117
Pledges and grants receivables	<u>1,106,334</u>	<u>46,200</u>
	21,847,213	50,192,829
Less noncurrent pledges and grants receivable	300,000	
Less deferred revenue	3,253,736	21,907,271
Less board-designated funds	3,546,453	2,508,450
Less donor-restricted endowment funds	<u>10,768,142</u>	<u>9,978,849</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,978,882</u>	<u>\$ 15,798,259</u>

As part of its liquidity management plan, the Organization 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 short-term certificates of deposit.

The Board-designated general operating reserve, amounting to \$753,500 for both the years ended June 30, 2024 and 2023, provides 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, at the Board's discretion.