

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Financial Statements

For the Year Ended June 30, 2025

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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, 2025, 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, 2025, 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, 2024, and we expressed an unmodified opinion on those audited financial statements in our report dated February 4, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it had been derived.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

555 110th Ave NE
Suite 700
Bellevue, WA
98004

clarknuber.com

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
January 21, 2026

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Financial Position June 30, 2025 (With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 5,117,811	\$ 5,778,360
Investments	14,660,539	14,962,519
Pledges and grants receivable	306,000	1,106,334
Rent receivable	70,914	
Property and equipment	9,106,635	9,106,146
Other assets	8,890	5,566
Total Assets	<u>\$ 29,270,789</u>	<u>\$ 30,958,925</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable	\$ 172,500	\$ 756,437
Accounts and other payables	241,936	278,638
Deferred grant revenue	243,380	3,253,736
Total Liabilities	657,816	4,288,811
Net Assets:		
Without donor restrictions	10,861,631	12,094,787
With donor restrictions	17,751,342	14,575,327
Total Net Assets	<u>28,612,973</u>	<u>26,670,114</u>
Total Liabilities and Net Assets	<u>\$ 29,270,789</u>	<u>\$ 30,958,925</u>

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Activities For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

	2025		Total	2024
	Without Donor Restrictions	With Donor Restrictions		
Support and Revenue:				
Contributed support-				
Grants and contributions	\$ 1,298,871	\$ 6,036,036	\$ 7,334,907	\$ 3,221,664
Government grants		1,400,000	1,400,000	16,202,857
Donated building and land				7,020,000
DAF and Donor in Movement Funds contributions	1,186,186		1,186,186	1,004,929
Other support				435,153
Net assets released from restrictions	5,264,101	(5,264,101)		
	7,749,158	2,171,935	9,921,093	27,884,603
Special events	205,596		205,596	195,956
Less direct benefits to donors	(62,007)		(62,007)	(85,679)
	143,589		143,589	110,277
Revenue-				
Fee for service and other revenue	663,306		663,306	3,097,077
Return on investments	210,471	1,004,080	1,214,551	1,924,719
	873,777	1,004,080	1,877,857	5,021,796
Total Support and Revenue	8,766,524	3,176,015	11,942,539	33,016,676
Expenses:				
Program services	8,208,375		8,208,375	20,503,725
Administration	1,372,197		1,372,197	1,616,422
Fundraising	419,108		419,108	364,100
Total Expenses	9,999,680		9,999,680	22,484,247
Change in Net Assets	(1,233,156)	3,176,015	1,942,859	10,532,429
Net assets at beginning of year	12,094,787	14,575,327	26,670,114	16,137,685
Net Assets at End of Year	\$10,861,631	\$17,751,342	\$28,612,973	\$26,670,114

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

	2025				Total	2024
	Program Services	Administration	Fundraising	Direct Benefits to Donors		
Direct Grants:						
Columbia River Fund grants	\$ 2,490,701	\$ -	\$ -	\$ -	\$ 2,490,701	\$ -
Other grants and sponsorships	1,028,638	781			1,029,419	72,811
Donor advised grants	832,039				832,039	215,893
Reproductive Health Equity Fund grants	575,867				575,867	8,174,756
Kellogg grants	244,100				244,100	231,466
Child Care Capacity Building grants	210,000				210,000	6,643,839
Oregon Freedom Funders Coalition Fund grants	100,000				100,000	
Oregon Community Climate Investment Fund grants	75,000				75,000	
Tenant Outreach fund grants	50,000				50,000	
American Rescue Plan Act grants						1,233,055
Funding cycle grants						985,000
Other government grants						311,250
Ambo and Chuush tribal fund						143,651
Justice fellowship						100,000
Travel and critical response grants						62,407
	<u>5,606,345</u>	<u>781</u>			<u>5,607,126</u>	<u>18,174,128</u>
Personnel:						
Wages	968,069	623,785	242,600		1,834,454	1,714,796
Payroll taxes	78,318	55,680	19,070		153,068	164,668
Employee benefits	174,560	112,461	43,652		330,673	348,314
	<u>1,220,947</u>	<u>791,926</u>	<u>305,322</u>		<u>2,318,195</u>	<u>2,227,778</u>
Other:						
Professional fees	779,677	292,510	40,864		1,113,051	1,352,873
Meetings, travel, and events	100,339	35,587	24,711	62,007	222,644	161,841
Other operating costs	29,646	135,942	7,601		173,189	148,731
Supplies and equipment	330,065	78,939	4,755		413,759	422,693
Material printing and shipping	3,725	1,458	22,340		27,523	26,227
Depreciation	137,631	35,054	13,515		186,200	55,655
	<u>1,377,083</u>	<u>543,543</u>	<u>86,085</u>	<u>62,007</u>	<u>2,068,718</u>	<u>2,047,987</u>
Total Expenses	\$ 8,208,375	\$ 1,372,197	\$ 419,108	\$ 62,007	\$ 10,061,687	\$ 22,569,926

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Consolidated Statement of Cash Flows For the Year Ended June 30, 2025 (With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,942,859	\$ 10,532,429
Adjustments to reconcile change in net assets to net cash used in operating activity-		
Depreciation	186,200	55,655
Donated building and land received		(7,020,000)
Unrealized gain on investments	(926,696)	(1,691,409)
Changes in operating assets and liabilities:		
Pledges and grants receivable	800,334	(1,060,134)
Rent receivable	(70,914)	
Other assets	(3,324)	122,566
Grants payable	(583,937)	(13,358,490)
Accounts and other payables	(36,702)	157,775
Deferred grant revenue	(3,010,356)	(18,653,535)
Net Cash Used in Operating Activities	(1,702,536)	(30,915,143)
Cash Flows From Investing Activities:		
Proceeds from investments	2,642,243	11,066,651
Purchases of investments	(1,413,567)	(1,446,644)
Purchases of property and equipment	(186,689)	(182,016)
Net Cash Provided by Investing Activities	1,041,987	9,437,991
Net Change in Cash and Cash Equivalents	(660,549)	(21,477,152)
Cash and cash equivalents at beginning of year	5,778,360	27,255,512
Cash and Cash Equivalents at End of Year	\$ 5,117,811	\$ 5,778,360

See accompanying notes.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 1 - Organization

Seeding Justice (formerly MRG Foundation), an Oregon nonprofit corporation, has funded social justice movements in Oregon since 1976. With a participatory, community-led and community-driven grantmaking model, Seeding Justice supports organizations supporting social, racial, gender, disability, economic, and environmental justice. Seeding Justice's grantees respond to community needs in Oregon and beyond and also work toward systemic change by building leadership and grassroots power.

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 SW 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 December 2023. This building is a space for mission-aligned organizations and individuals to gather and co-create in flexible, reduced-rate spaces.

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 SW 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 support community-centered, clean energy 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 - U.S. GAAP requires 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, 2025 (With Comparative Totals for 2024)

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.

3625 N Mississippi LLC, Center for Social Justice LLC, and Oregon Community Climate Investment Fund LLC are functionally-related businesses within the meaning of IRC Section 4942(j)(4). As such, the LLCs' activities are reported along with Seeding Justice 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 \$243,380 and \$3,253,736 of conditional government grants that were received and not earned at June 30, 2025 and 2024, respectively. These have been recognized as deferred grant revenue on the consolidated statement of financial position.

For the years ended June 30, 2025 and 2024, 100% and 91%, respectively, of government grant revenue was from two grants.

For the year ended June 30, 2025 and 2024, 63% and 25%, respectively, of grants and contribution revenue was from three donors and one donor, respectively.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

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 the Organization 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, 2025 (With Comparative Totals for 2024)

Note 2 - Continued

In December 2023, the Organization received a donation of a commercial building in Portland, Oregon. At the date of donation, the building had 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 the date of donation was \$7,020,000.

No significant contributions of such goods or services were received during the year ended June 30, 2025.

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. Rent receivable recognizes rental income earned but not yet received.

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 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, 2025 and June 30, 2024, there were no outstanding conditional grant commitments.

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, 2024, from which the summarized information was derived.

Subsequent Events - Subsequent events were evaluated through January 21, 2026, 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, 2025 (With Comparative Totals for 2024)

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.

The 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, 2025 and 2024.

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, 2025			
	Level 1	Level 2	Level 3	Total
Equities	\$ 8,634,642	\$ -	\$ -	\$ 8,634,642
Fixed income		4,105,999		4,105,999
Total Investment Assets at Fair Value at June 30, 2025	\$ 8,634,642	\$ 4,105,999	\$ -	12,740,641
Cash held in the investment portfolio				161,261
Certificates of deposit reported at cost plus accrued interest				1,758,637
Total Investments at June 30, 2025				\$14,660,539

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 3 - Continued

	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	<u>\$ 8,368,435</u>	<u>\$ 3,887,340</u>	<u>\$ -</u>	12,255,775
Cash held in the investment portfolio				171,395
Certificates of deposit reported at cost plus accrued interest				<u>2,535,349</u>
Total Investments at June 30, 2024				<u>\$14,962,519</u>

Note 4 - Pledges and Grants Receivable

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

	2025	2024
Receivables to be collected within one year	\$ 306,000	\$ 806,334
Receivables to be collected in two to five years		<u>300,000</u>
Total Pledges and Grants Receivable	<u>\$ 306,000</u>	<u>\$ 1,106,334</u>

No allowance for uncollectible pledges and grants receivable has been established as of June 30, 2025 and 2024.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 5 - Property and Equipment

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

	<u>2025</u>	<u>2024</u>
Building	\$ 2,945,780	\$ 2,945,780
Land	4,074,220	4,074,220
Furniture and equipment	235,855	49,166
Software development in progress	467,749	467,749
Construction in progress	<u>1,648,862</u>	<u>1,648,862</u>
	9,372,466	9,185,777
Less accumulated depreciation	<u>(265,831)</u>	<u>(79,631)</u>
Property and Equipment, Net	<u>\$ 9,106,635</u>	<u>\$ 9,106,146</u>

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 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 Postal Building. Subsequent to year end, the Organization put the Mississippi building up for sale.

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. During 2025, the Organization entered into additional lease agreements with third parties. The property includes a portion of the building with a net book value of \$2,150,642 and \$967,840 at June 30, 2025 and 2024, respectively. Depreciation expense on the portion of the building was \$30,727 and \$6,815 for the years ended June 30, 2025 and 2024, respectively.

Note 6 - Lease Contracts

The Organization leases a portion of its property at 510 SW Third Avenue, Portland, Oregon, to various commercial and not-for-profit tenants under leases with terms through 2030. Certain leases began prior to the Organization's acquisition of the property. Tenants generally pay base monthly rents and are also responsible for payment of operating costs, utilities, licenses, and taxes associated with their portion of the property. Two tenants pay variable monthly rent based on their sales revenue. The variable monthly rent is not included in the table of future rental payments below.

SEEDING JUSTICE AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)**

Note 6 - Continued

Future base rental payments for the leases are as follows:

For the Year Ending June 30,

2026	\$ 182,125
2027	194,281
2028	175,597
2029	165,534
2030	170,500
Thereafter	<u>145,662</u>
Total Minimum Lease Receipts	<u><u>\$ 1,033,699</u></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 the Organization 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 the Organization; and
- The investment policies of the Organization.

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.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 7 - Continued

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 - 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		2025
		Accumulated Unspent Earnings	Corpus	
General endowment fund	\$ -	\$ 1,702,958	\$ 1,257,703	\$ 2,960,661
Kellogg Family grantmaking fund		1,938,630	4,484,529	6,423,159
FEX endowment fund for operations		813,976	621,541	1,435,517
Michael Smith grantmaking endowment fund		168,512	116,249	284,761
Lilla Jewel grantmaking for the benefit of women, children and peace endowment fund		219,587	156,592	376,179
Board-designated endowment fund	1,318,528			1,318,528
Total All Endowment Funds	\$ 1,318,528	\$ 4,843,663	\$ 6,636,614	\$ 12,798,805

	Without Donor Restrictions	With Donor Restrictions		2024
		Accumulated Unspent Earnings	Corpus	
General endowment fund	\$ -	\$ 1,446,237	\$ 1,257,703	\$ 2,703,940
Kellogg 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

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

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, 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	<u>(7,304)</u>	<u>(817,828)</u>		<u>(825,132)</u>
Endowment Net Assets, June 30, 2024	1,216,367	4,131,528	6,636,614	11,984,509
Endowment investment return, net	102,161	1,004,080		1,106,241
Amounts appropriated for expenditure		<u>(291,945)</u>		<u>(291,945)</u>
Endowment Net Assets, June 30, 2025	<u>\$ 1,318,528</u>	<u>\$ 4,843,663</u>	<u>\$ 6,636,614</u>	<u>\$ 12,798,805</u>

Note 8 - Net Assets Without Donor Restrictions

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

	2025	2024
General operating reserve	\$ 753,500	\$ 753,500
FEX apartment sale proceeds operating reserve	478,674	478,674
Donor-advised funds	341,324	453,574
Donor in movement funds	112,802	223,686
CAUSA dissolution funds	6,142	420,652
Quasi-endowment	<u>1,318,528</u>	<u>1,216,367</u>
Total board designated net assets	3,010,970	3,546,453
Invested in the Postal Building	6,872,711	6,970,904
Invested in the Mississippi Building	1,648,862	1,648,862
Undesignated	<u>(670,912)</u>	<u>(71,432)</u>
Total Net Assets Without Donor Restrictions	<u>\$ 10,861,631</u>	<u>\$ 12,094,787</u>

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 9 - Net Assets With Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Subject to the passage of time- Pledges receivable without purpose restrictions	\$ 300,000	\$ 600,000
Subject to expenditure for specified purposes- Community funds	4,525,939	1,458,661
Building funds	<u>1,445,126</u>	<u>1,748,524</u>
Total subject to expenditure for specified purposes	5,971,065	3,207,185
Accumulated unspent return on endowment	4,843,663	4,131,528
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>\$ 17,751,342</u>	<u>\$ 14,575,327</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 \$100,242 and \$90,288 for the years ended June 30, 2025 and 2024, respectively.

SEEDING JUSTICE AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2025 (With Comparative Totals for 2024)

Note 11 - Availability and Liquidity

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

	<u>2025</u>	<u>2024</u>
Financial assets at year end-		
Cash and equivalents	\$ 5,117,811	\$ 5,778,360
Investments	14,660,539	14,962,519
Pledges and grants receivables	306,000	1,106,334
Rent receivable	70,914	
	<u>20,155,264</u>	<u>21,847,213</u>
Less noncurrent pledges and grants receivable		300,000
Less deferred revenue	243,380	3,253,736
Less board-designated funds	3,010,970	3,546,453
Less donor-restricted endowment funds	<u>11,480,277</u>	<u>10,768,142</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 5,420,637</u>	<u>\$ 3,978,882</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, 2025 and 2024, 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.