

THE BELLEVUE SCHOOLS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2021 AND 2020

**THE BELLEVUE SCHOOLS FOUNDATION
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YEARS ENDED AUGUST 31, 2021 AND 2020**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Trustees
The Bellevue Schools Foundation
Bellevue, Washington

Management is responsible for the accompanying financial statements of The Bellevue Schools Foundation (the Foundation), which comprise the statement of financial position as of August 31, 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 in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 2021 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The August 31, 2020 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated April 21, 2021. We have not performed any auditing procedures since that date.

CliftonLarsonAllen LLP

Bellevue, Washington

DATE



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**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 120,615	\$ 971,996
Investments Available for Operations	400,112	-
Pledges Receivable, Net of Allowance for Doubtful Pledges of \$1,500 and \$7,500 at August 31, 2021 and 2020, Respectively.	57,000	131,510
Other Receivables	-	2,000
Prepaid Expenses	4,351	3,318
Total Current Assets	582,078	1,108,824
NONCURRENT ASSETS		
Operating Reserve Investments	446,185	407,945
Funding Forward Reserve Investments	696,447	310,592
Donor Restricted Cash and Investments	575,375	518,255
Investments Restricted for Scholarships	337,149	288,213
Endowment Investments	1,069,501	918,276
Beneficial Interest in Assets Held by The Seattle Foundation	64,340	50,594
Total Noncurrent Assets	3,188,997	2,493,875
Total Assets	\$ 3,771,075	\$ 3,602,699
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	4,567	\$ 41,920
Accrued Payroll and Benefits	13,096	19,091
Related Party Grants and Payables	232,186	306,408
Paycheck Protection Program Loan	-	59,281
Deferred Revenue	-	72,047
Total Liabilities	249,849	498,747
NET ASSETS		
Without Donor Restrictions	1,265,716	977,362
With Donor Restrictions	2,255,510	2,126,590
Total Net Assets	3,521,226	3,103,952
Total Liabilities and Net Assets	\$ 3,771,075	\$ 3,602,699

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and Grants	\$ 931,421	\$ 317,054	\$ 1,248,475
In-Kind Contributions	141,578	-	141,578
Net Investment Income	64,112	324,083	388,195
Gain on Forgiveness of Paycheck Protection			
Program Loans	140,409	-	140,409
Net Assets Released from Restriction	512,217	(512,217)	-
Total Revenue and Support	<u>1,789,737</u>	<u>128,920</u>	<u>1,918,657</u>
EXPENSES AND LOSSES			
Program Services Expense	965,110	-	965,110
Total Program Services Expense	<u>965,110</u>	<u>-</u>	<u>965,110</u>
Support Services Expense:			
Management and General	204,257	-	204,257
Fundraising and Development	332,016	-	332,016
Total Support Services Expense	<u>536,273</u>	<u>-</u>	<u>536,273</u>
Total Expenses	<u>1,501,383</u>	<u>-</u>	<u>1,501,383</u>
CHANGE IN NET ASSETS	288,354	128,920	417,274
Net Assets - Beginning of Year	<u>977,362</u>	<u>2,126,590</u>	<u>3,103,952</u>
NET ASSETS - END OF YEAR	<u>\$ 1,265,716</u>	<u>\$ 2,255,510</u>	<u>\$ 3,521,226</u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and Grants	\$ 1,275,030	\$ 1,259,178	\$ 2,534,208
Governmental	1,500	103,003	104,503
In-Kind Contributions	164,313	-	164,313
Net Investment Income (Loss)	22,300	117,178	139,478
Net Assets Released from Restriction	547,198	(547,198)	-
Total Revenue and Support	<u>2,010,341</u>	<u>932,161</u>	<u>2,942,502</u>
EXPENSES AND LOSSES			
Program Services Expense	1,031,272	-	1,031,272
Total Program Services Expense	<u>1,031,272</u>	<u>-</u>	<u>1,031,272</u>
Support Services Expense:			
Management and General	206,254	-	206,254
Fundraising and Development	426,370	-	426,370
Total Support Services Expense	<u>632,624</u>	<u>-</u>	<u>632,624</u>
Total Expenses	<u>1,663,896</u>	<u>-</u>	<u>1,663,896</u>
CHANGE IN NET ASSETS	346,445	932,161	1,278,606
Net Assets - Beginning of Year	<u>630,917</u>	<u>1,194,429</u>	<u>1,825,346</u>
NET ASSETS - END OF YEAR	<u>\$ 977,362</u>	<u>\$ 2,126,590</u>	<u>\$ 3,103,952</u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Other Assistance	\$ 793,931	\$ -	\$ -	\$ 793,931
Salaries, Wages, and Benefits	125,017	94,710	159,113	378,840
Professional Services	160	31,879	77,527	109,566
Supplies	-	22	-	22
Catering, Room Rental, and Services	-	-	3,388	3,388
Postage	-	17	-	17
Printing	-	-	12,382	12,382
Board and Staff Development	-	6,431	-	6,431
Bank Fees	-	16,173	-	16,173
Marketing and Advertising	-	-	6,956	6,956
Insurance	-	6,751	-	6,751
Technology	-	2,398	-	2,398
Bad Debt Expense	-	-	19,291	19,291
In-Kind Expenses	46,002	42,217	53,359	141,578
Other	-	3,659	-	3,659
	<u>-</u>	<u>3,659</u>	<u>-</u>	<u>3,659</u>
Total Functional Expenses	<u><u>\$ 965,110</u></u>	<u><u>\$ 204,257</u></u>	<u><u>\$ 332,016</u></u>	<u><u>\$ 1,501,383</u></u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Other Assistance	\$ 848,102	\$ -	\$ -	\$ 848,102
Salaries, Wages, and Benefits	124,472	94,297	158,419	377,188
Professional Services	4,058	24,364	154,253	182,675
Supplies	-	423	341	764
Catering, Room Rental, and Services	3,118	-	10,318	13,436
Postage	-	31	55	86
Printing	715	103	14,395	15,213
Board and Staff Development	-	587	-	587
Bank Fees	-	20,099	-	20,099
Marketing and Advertising	74	-	14,028	14,102
Insurance	-	6,544	-	6,544
Bad Debt Expense	-	-	18,184	18,184
In-Kind Expenses	50,711	57,225	56,377	164,313
	<u>50,711</u>	<u>57,225</u>	<u>56,377</u>	<u>164,313</u>
Total Functional Expenses	<u>\$ 1,031,272</u>	<u>\$ 206,254</u>	<u>\$ 426,370</u>	<u>\$ 1,663,896</u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 417,274	\$ 1,278,606
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Forgiveness of Paycheck Protection Program Loans	(140,409)	-
Net Change in Fair Value of Investments	(341,301)	109,750
Change in Value of Interest in Charitable Trusts	13,746	(1,897)
(Increase) Decrease in:		
Accounts Receivable	2,000	33,540
Program Grants and Contracts Receivable	74,510	(30,319)
Other Receivables	(2,000)	(33,540)
Prepaid Expenses and Deposits	(1,033)	8,107
Restricted Cash	(57,120)	(518,255)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(37,353)	30,136
Accrued Payroll and Related Expenses	(5,995)	8,470
Related Party Grants and Payables	(74,222)	178,436
Deferred Revenue	(72,047)	20,371
Net Adjustments	(641,224)	(195,201)
Net Cash (Used) Provided by Operating Activities	(223,950)	1,083,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	1,225,200	934,944
Purchases of Investments	(1,933,759)	(1,481,149)
Net Cash Used by Investing Activities	(708,559)	(546,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	81,128	59,281
Net Cash Provided by Financing Activities	81,128	59,281
CHANGE IN CASH AND CASH EQUIVALENTS	(851,381)	596,481
Cash and Cash Equivalents - Beginning of Year	971,996	375,515
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 120,615	\$ 971,996

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bellevue Schools Foundation (the Foundation) is a Washington nonprofit corporation organized in 1979 to develop, promote, and fund the best possible learning opportunities for all students of the Bellevue School District (the District).

The Foundation brings together parents, teachers, businesses, and community leaders committed to providing the best education possible for every child in Bellevue. The Foundation raises funds to improve student learning through District-wide academic initiatives, curriculum material and book purchases, training opportunities for teachers, and an array of programs that meet students' unique needs. The Foundation helps bridge the gap between the basic funding provided by the state of Washington and the support Bellevue students need in order to truly excel. The Foundation is funded through donations from individuals, corporations, foundations, and other organizations.

The Foundation's board of trustees approves a budget that funds a number of different programs each year. Decisions are carefully made based on program data and outcomes, potential impact, and feedback from teachers, parents, and the District. The Foundation's primary program services include:

Transforming Education: Initiatives include Pre-K-12 Computer Science; Science, Technology, Engineering, and Math (STEM); Social Emotional Learning; College & Career Next Steps; Equity BOOM & SHOUT Experience; Advanced Placement (AP) Capstone Diploma; and Project-based Learning Summer Leads Program.

Project Readiness: Every Student Ready to Learn - A set of programs designed to make sure students are prepared to take on the academic challenges of Bellevue's high expectations, including Early Learning slots for children experiencing homelessness and need and Kindergarten/1st Grade Early Reading Intervention.

Student and Teacher Support: Grants that support students, teachers, and mentors in developing the skills to be their best. Programs include National Board Certification support for teachers, VIBES (Volunteers in Bellevue's Education System) Mentoring, AVID (Achievement Via Individual Determination) college-readiness, and Pre-AVID/Positive Behavior Intervention & Supports.

School-Based Grants: Arts, Enrichment & Innovation Grants program offer small grants to teachers across the Bellevue School District to support music and arts enrichment, fieldtrips, author visits, robotics, and innovative projects.

Community Engagement: To further its mission, the Foundation offers education forums and outreach for parents and the greater Bellevue School District community.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the Foundation's management to make estimates and assumptions that affect certain reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with GAAP.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an Operating Reserve and Funding Forward Reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The Foundation records cash contributions and promises to contribute in the period received. Cash contributions and promises to contribute subject to donor-imposed restrictions are recognized as revenue with donor restrictions when received and are recognized as being released from restriction when the restrictions are met.

Deferred Revenue

The Foundation records as deferred revenue grant or contract funding received, but have not met the conditions for recognition. At August 31, 2020 deferred revenue consisted of funds received in excess of expenditures for one contract. There was no deferred revenue at August 31, 2021.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

Cash includes cash held at a bank which, at times, may exceed federally insured limits.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded as current assets at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Management reviews the collectability of receivables on a periodic basis and determines the amount estimated to be uncollectible, and establishes an allowance. The Foundation charges off receivables against the allowance when management determines that a receivable is not collectible. The Foundation does not generally require collateral on any of its receivables.

At August 31, 2021 approximately 51% of pledges receivable were due from two donors. At August 31, 2020, 61% of pledges receivables were due from five donors.

Equipment

Equipment purchases greater than \$1,250 are capitalized and are recorded at cost or, in the case of donated equipment, at estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives of equipment are three to seven years. As of August 31, 2021 and 2020, the Foundation had no equipment in service.

In-Kind Contributions

Donated materials are reported as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Members of the Foundation's board of trustees and numerous other individuals provide substantial amounts of volunteer time and some materials of indeterminable value in support of the Foundation's events and programs (which is not included in these financial statements).

The District, a related party, in exchange for the Foundation's continued support of educational programs, provides certain goods and services to the Foundation under an agreement that may be terminated by either party upon 120 days' written notice. For 2021 and 2020, such items included rent-free office space and meeting rooms, clerical support, office supplies, office furniture, telephones, office equipment, and other services. The Foundation estimated that the value of this support was \$138,481 and \$152,763 for the years ended August 31, 2021 and 2020, respectively. This represented 98% and 93% of the in-kind contribution balance for 2021 and 2020, respectively, and is included in in-kind contributions on the statement of activities.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 – Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Related Party Transactions

The Foundation made contributions to the District in support of various District programs of \$785,431 and \$800,101 for the years ended August 31, 2021 and 2020, respectively.

The Foundation had amounts payable to the District of \$232,186 and \$306,408 at August 31, 2021 and 2020, respectively. These amounts relate to grants authorized by the Foundation's board of trustees for program expenses incurred (or to be incurred) by the District, but not yet distributed to the District.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates to program expenses grants made to schools. Costs that benefit management and fundraising activities are directly allocated or allocated based on square footage.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Foundation has evaluated subsequent events through **DATE**, the date these financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of various mutual funds and certain money market accounts can also be classified as investments because the accounts are held in investment accounts. Investments are reported at their fair value using Level 1 inputs (quoted prices in active markets for identical assets) in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Investments consist of the following at August 31:

	2021	2020
Cash (Money Market Accounts)	\$ 764,772	\$ 330,643
Mutual Funds:		
Bond Mutual Funds	948,235	662,840
Foreign Large Growth	325,303	-
Foreign Large Blend	177,733	407,369
Large Value	487,781	-
Large Growth	190,697	175,517
Diversified Emerging Markets	125,819	-
Small-Cap Growth	158,868	61,958
Small Value		126,878
Mid-Cap Growth	159,765	-
Mid-Cap Value	185,796	66,714
Small Blend		22,089
Aggressive Growth		71,018
Total	\$ 3,524,769	\$ 1,925,026

THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments are reported as follows on the statements of financial position at August 31:

	2021	2020
Operating Reserve Investments	\$ 446,185	\$ 407,945
Investments Available for Operations	400,112	-
Donor Restricted Cash and Investments	575,375	-
Funding Forward Reserve Investments	696,447	310,592
Investments Restricted for Scholarships	337,149	288,213
Endowment Investments	1,069,501	918,276
Total	<u>\$ 3,524,769</u>	<u>\$ 1,925,026</u>

The following is a summary of investment returns for the year ended August 31:

	2021	2020
Dividends and Interest	\$ 61,581	\$ 38,277
Realized and Unrealized Gains (Losses)	341,301	109,750
Investment Fees	(14,687)	(8,549)
Total Investment Return	<u>\$ 388,195</u>	<u>\$ 139,478</u>

Investments held as endowment investments are described in further detail in Note 5.

Investments are reported at fair value at August 31:

	Fair Value Measurements at Report Date Using			2021 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Accounts	\$ 764,772	\$ -	\$ -	\$ 764,772
Mutual Funds	2,759,997	-	-	2,759,997
Beneficial Interest	-	-	64,340	64,340
Total Assets at Fair Value	<u>\$ 3,524,769</u>	<u>\$ -</u>	<u>\$ 64,340</u>	<u>\$ 3,589,109</u>

	Fair Value Measurements at Report Date Using			2020 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Accounts	\$ 330,643	\$ -	\$ -	\$ 330,643
Mutual Funds	1,594,383	-	-	1,594,383
Beneficial Interest	-	-	50,594	50,594
Total Assets at Fair Value	<u>\$ 1,925,026</u>	<u>\$ -</u>	<u>\$ 50,594</u>	<u>\$ 1,975,620</u>

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 3 BOARD DESIGNATIONS

The board of trustees has designated unrestricted funds to be available as follows:

	<u>2021</u>	<u>2020</u>
Board-Designated Operating Reserve	\$ 446,185	\$ 407,945
Funding Forward Reserve	696,447	310,592
Undesignated Funds	<u>123,084</u>	<u>258,825</u>
Total	<u>\$ 1,265,716</u>	<u>\$ 977,362</u>

NOTE 4 NET ASSETS WITH DONOR-IMPOSED TIME OR PURPOSE RESTRICTIONS

Net assets with donor-imposed time or purpose restrictions consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Academic Rigor:		
Charlotte Field Endowment Earnings (for Music Program)	\$ 208,885	\$ 136,646
Transforming Education:		
STEM	-	18,600
College Counseling	-	750
Student Support:		
Volunteers in Bellevue's Education System (VIBES)		
Endowment Earnings	112,258	52,724
VIBES	-	470
Free Meals	3,152	3,152
Highly Capable	4,304	3,819
Bucks for Books	-	2,952
Best Start for Kids	23,025	-
Comp SC	75,000	150,000
AVID	515	515
Culturally Respons & Innov Woodridge	-	10,000
SOS Signs of Suicide	25,623	115,623
Mental Health	12,000	-
Social Emotional Learning	<u>37,414</u>	<u>37,224</u>
Total Student Support	293,291	376,479
Other Programs:		
The Howard Johnson Principal Scholarship Fund	194,860	166,416
Nan Campbell Scholarship Fund	115,770	96,253
Riley Endowment Earnings	55,216	35,922
Muren Scholarship Fund	26,523	25,546
Vendeland Endowment Earnings	24,569	10,823
Sherry Ladd	594,745	518,255
Other Memorial Gifts and Programs	<u>8,880</u>	<u>8,879</u>
Total Other Programs	<u>1,020,563</u>	<u>862,094</u>
Total Net Assets Subject to Donor-Imposed Time or Purpose Restrictions	<u>\$ 1,522,739</u>	<u>\$ 1,393,819</u>

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 5 ENDOWMENT

Endowment Net Assets (Corpus) consist of the following at August 31:

	2021	2020
Carla Vendeland Community Service Award Fund	\$ 39,771	\$ 39,771
Charlotte Field Music Fund	300,000	300,000
Michael N. Riley Student Support Endowment	83,000	83,000
Volunteers in Bellevue's Education System (VIBES)	310,000	310,000
Total Endowment Net Assets	\$ 732,771	\$ 732,771

Interpretation of Relevant Law

The Foundation's board of trustees has interpreted the state of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the date of the gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment net assets (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 5 ENDOWMENT (CONTINUED)

Changes to endowment net assets for the years ended August 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - August 31, 2020	\$ -	\$ 968,870	\$ 968,870
Endowment Investment Return:			
Interest and Dividends	-	27,967	27,967
Realized and Unrealized Gains	-	174,845	174,845
Fees	-	(5,841)	(5,841)
Total Endowment Investment Return	-	196,971	196,971
Appropriation of Endowment for Expenditure	-	(32,000)	(32,000)
Endowment Net Assets - August 31, 2021	<u>\$ -</u>	<u>\$ 1,133,841</u>	<u>\$ 1,133,841</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning August 31, 2019	\$ -	\$ 853,474	\$ 853,474
Contributions	-	60,000	60,000
Endowment Investment Return:			
Interest and Dividends	-	22,691	22,691
Realized and Unrealized Gains	-	70,848	70,848
Fees	-	(6,143)	(6,143)
Total Endowment Investment Return	-	87,396	87,396
Appropriation of Endowment for Expenditure	-	(32,000)	(32,000)
Endowment Net Assets - August 31, 2020	<u>\$ -</u>	<u>\$ 968,870</u>	<u>\$ 968,870</u>

Endowment net assets are reported as follows on the statement of financial position at August 31:

	<u>2021</u>	<u>2020</u>
Endowment Investments	\$ 1,069,501	\$ 918,276
Beneficial Interest	64,340	50,594
Total	<u>\$ 1,133,841</u>	<u>\$ 968,870</u>

**THE BELLEVUE SCHOOLS FOUNDATION
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NOTE 5 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve principal and the inflation-adjusted growth, over time, of principal and income. The endowment portfolio should be managed to achieve total returns consistent with standard stock and bond indices selected by the Foundation's Investment Committee. The goal of the portfolio is to meet or exceed the returns of these indices while investing in financially sound mutual funds and companies.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Stock and bond investments are diversified in terms of industry, market capitalization, and domestic/foreign origin.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a percentage of the total market value of endowment fund assets based on the average of the market values at several recent quarter ends (generally the prior 12 quarter ends). This has resulted in an appropriation rate of 4% for 2021 (for release in 2022); however, appropriation is subject to economic and market conditions. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

NOTE 6 FUNDS HELD BY THE SEATTLE FOUNDATION

In prior years, the Foundation transferred \$39,771 of endowment funds to The Seattle Foundation for management. Under the agreement with The Seattle Foundation, those funds are subject to The Seattle Foundation's variance power, with the stipulation that the Foundation will receive annual distributions of income from the funds in order to fulfill the terms of the related endowment gift instrument. These funds are referred to as a beneficial interest in a trust. These funds (amounting to \$64,340 and \$50,594 at August 31, 2020 and 2019, respectively) are recorded as assets (and endowment net assets) of the Foundation in the accompanying financial statements.

The funds held by the Seattle Foundation are stated at the fair value of the underlying assets (cash and marketable securities) using Level 3 inputs. Contributions into the beneficial interest are considered an endowment for financial statement purposes (and are included with endowment net assets).

**THE BELLEVUE SCHOOLS FOUNDATION
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NOTE 6 FUNDS HELD BY THE SEATTLE FOUNDATION (CONTINUED)

Changes in the beneficial interest are as follows for the years ended August 31:

Balance at August 31, 2019	\$ 52,491
Investment Earnings, Net of Fees	103
Withdrawals	<u>(2,000)</u>
Balance at August 31, 2020	50,594
Investment Earnings, Net of Fees	15,746
Withdrawals	<u>(2,000)</u>
Balance at August 31, 2021	<u><u>\$ 64,340</u></u>

NOTE 7 PAYROLL PROTECTION LOAN PROGRAM

The Foundation received a loan from a local bank in the amount of \$59,281 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 1, 2020 to October 8, 2020, is the time that Foundation had to spend their PPP Loan funds. The loan was forgiven on March 1, 2021.

The Foundation received a second PPP Loan on March 1, 2021 for \$81,128. The loan was forgiven on August 31, 2021.

The associated gain on debt forgiveness has been recorded in the statement of activities for the year ended August 31, 2021.

**THE BELLEVUE SCHOOLS FOUNDATION
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NOTE 8 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 120,615
Investments Available for Operations	400,112
Operating Reserve Investments	446,185
Pledges Receivable	<u>57,000</u>
Total	<u>\$ 1,023,912</u>

As part of their liquidity management plan, the Board has designated a portion of the operating surplus to the Foundation's operating and funding forward reserve investments, which was \$1,142,632 as August 31, 2021.