

THE BELLEVUE SCHOOLS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2022 AND 2021

**THE BELLEVUE SCHOOLS FOUNDATION
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YEARS ENDED AUGUST 31, 2022 AND 2021**

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INDEPENDENT ACCOUNTANTS' 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 statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in 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 American Institute of Certified Public Accountants. We did not audit or review the 2022 and 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.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 215,232	\$ 120,615
Investments Available for Operations	50,577	400,112
Pledges Receivable, Net of Allowance for Doubtful Pledges of \$1,250 and \$1,500 at August 31, 2022 and 2021, Respectively.	12,916	57,000
Prepaid Expenses	5,542	4,351
Total Current Assets	284,267	582,078
NONCURRENT ASSETS		
Operating Reserve Investments	399,779	446,185
Funding Forward Reserve Investments	821,510	696,447
Donor Restricted Cash and Investments	488,390	575,375
Investments Restricted for Scholarships	277,341	337,149
Endowment Investments	866,390	1,069,501
Beneficial Interest in Assets Held by The Seattle Foundation	53,288	64,340
Total Noncurrent Assets	2,906,698	3,188,997
Total Assets	\$ 3,190,965	\$ 3,771,075
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 9,635	\$ 4,567
Accrued Payroll and Benefits	17,487	13,096
Related Party Grants and Payables	96,865	232,186
Total Liabilities	123,987	249,849
NET ASSETS		
Without Donor Restrictions	1,256,836	1,265,716
With Donor Restrictions	1,810,142	2,255,510
Total Net Assets	3,066,978	3,521,226
Total Liabilities and Net Assets	\$ 3,190,965	\$ 3,771,075

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and Grants	\$ 990,097	\$ 458,264	\$ 1,448,361
In-Kind Contributions	155,509	-	155,509
Net Investment Loss	(135,778)	(313,879)	(449,657)
Other Income	3,560	-	3,560
Net Assets Released from Restriction	589,753	(589,753)	-
Total Revenue and Support	<u>1,603,141</u>	<u>(445,368)</u>	<u>1,157,773</u>
EXPENSES AND LOSSES			
Program Services Expense	<u>1,067,787</u>	-	<u>1,067,787</u>
Total Program Services Expense	1,067,787	-	1,067,787
Support Services Expense:			
Management and General	190,870	-	190,870
Fundraising	353,364	-	353,364
Total Support Services Expense	<u>544,234</u>	<u>-</u>	<u>544,234</u>
Total Expenses	<u>1,612,021</u>	<u>-</u>	<u>1,612,021</u>
CHANGE IN NET ASSETS	(8,880)	(445,368)	(454,248)
Net Assets - Beginning of Year	<u>1,265,716</u>	<u>2,255,510</u>	<u>3,521,226</u>
NET ASSETS - END OF YEAR	<u>\$ 1,256,836</u>	<u>\$ 1,810,142</u>	<u>\$ 3,066,978</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	1,789,737	128,920	1,918,657
EXPENSES AND LOSSES			
Program Services	965,110	-	965,110
Total Program Services Expense	965,110	-	965,110
Support Services Expense:			
Management and General	204,257	-	204,257
Fundraising	332,016	-	332,016
Total Support Services Expense	536,273	-	536,273
Total Expenses	1,501,383	-	1,501,383
CHANGE IN NET ASSETS	288,354	128,920	417,274
Net Assets - Beginning of Year	977,362	2,126,590	3,103,952
NET ASSETS - END OF YEAR	\$ 1,265,716	\$ 2,255,510	\$ 3,521,226

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>
Grants and Other Assistance	\$ 888,618	\$ -	\$ -	\$ 888,618
Salaries, Wages, and Benefits	125,567	95,126	159,812	380,505
Professional Services	350	24,783	31,818	56,951
Supplies	-	72	344	416
Catering, Room Rental, and Services	949	-	71,112	72,061
Postage	-	-	28	28
Printing	-	-	16,930	16,930
Board and Staff Development	-	2,172	-	2,172
Bank Fees	-	12,815	-	12,815
Marketing and Advertising	1,000	-	13,856	14,856
Insurance	-	7,243	-	7,243
Bad Debt Expense	-	-	1,493	1,493
In-Kind General and Administration	51,303	46,235	57,971	155,509
Other	-	2,424	-	2,424
	<u>-\$ 1,067,787</u>	<u>\$ 190,870</u>	<u>\$ 353,364</u>	<u>\$ 1,612,021</u>
Total Functional Expenses	<u>\$ 1,067,787</u>	<u>\$ 190,870</u>	<u>\$ 353,364</u>	<u>\$ 1,612,021</u>

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 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 General and Administration	46,002	42,217	53,359	141,578
Other	-	3,659	-	3,659
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 965,110</u>	<u>\$ 204,257</u>	<u>\$ 332,016</u>	<u>\$ 1,501,383</u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (454,248)	\$ 417,274
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Investing Activities		
Gain on Forgiveness of Paycheck Protection Program Loans	-	(140,409)
Net Change in Fair Value of Investments	588,633	(341,301)
Change in Value of Interest in Charitable Trusts	(11,052)	13,746
(Increase) Decrease in:		
Accounts Receivable	-	2,000
Pledges Receivable	44,084	74,510
Other Receivables	-	(2,000)
Prepaid Expenses	(1,191)	(1,033)
Change in Investments Available for Operations	349,535	(57,120)
Increase (Decrease) in:		
Accounts Payable	5,068	(37,353)
Accrued Payroll and Benefits	4,391	(5,995)
Related Party Grants and Payables	(135,321)	(74,222)
Deferred Revenue	-	(72,047)
Net Adjustments	<u>844,147</u>	<u>(641,224)</u>
Net Cash Provided (Used) by Operating Activities	389,899	(223,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	350,000	1,225,200
Purchases of Investments	<u>(645,282)</u>	<u>(1,933,759)</u>
Net Cash Used by Investing Activities	(295,282)	(708,559)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>-</u>	<u>81,128</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>81,128</u>
CHANGE IN CASH AND CASH EQUIVALENTS	94,617	(851,381)
Cash and Cash Equivalents - Beginning of Year	<u>120,615</u>	<u>971,996</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 215,232</u></u>	<u><u>\$ 120,615</u></u>

See accompanying Notes to Financial Statements.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bellevue Schools Foundation (the Foundation) is a Washington nonprofit corporation organized in 1979 to promote and fund the best possible learning opportunities for all students in Bellevue's public schools.

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 Bellevue School District (the District). The Foundation's primary program services include:

Transforming Education: Initiatives include Pre-K-12 Computer Science; Racial Equity Training; and Equity BOOM & SHOUT Experience.

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 Culturally Responsive Classroom Libraries.

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, Signs of Suicide Curriculum and Mental Health.

School-Based Grants: Arts, Enrichment & Innovation, Music and i2 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, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND 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. There was no deferred revenue at August 31, 2022 and 2021.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND 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, 2022, 100% of pledges receivables were due from seven donors. At August 31, 2021, 51% 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, 2022 and 2021, 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 at their estimated fair value 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. There were no donor-imposed restrictions associated with the donated materials and services.

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 BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

In-Kind Contributions (Continued)

The Foundation received the following in-kind contributions for the year ended August 31:

	<u>2022</u>	<u>2021</u>	<u>Fair Value Techniques</u>
Office Space and Clerical Support	\$ 154,541	\$ 138,481	Publicly available commercial real estate rental listings; standard hourly rates for clerical support; local rate for similar other goods and services
Gift Cards	318	-	Actual value of the donated gift cards
Restaurant Certificates	650	-	Actual value of the donated restaurant certificates
Meals for SOS Update Presentation	-	3,056	Actual cost of the meals
Delivery Fee for Flowers Ordered	-	41	Delivery fee that would be charged for delivering similar flowers
	<u>\$ 155,509</u>	<u>\$ 141,578</u>	

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 2022 and 2021, such items included rent-free office space and meeting rooms, clerical support, office supplies, office furniture, telephones, office equipment, and other services which will be used for the Foundation's program and supporting services. The Foundation estimated that the value of this support was \$154,541 and \$138,481 for the years ended August 31, 2022 and 2021, respectively. This represented 99% and 98% of the in-kind contributions balance for 2022 and 2021, respectively, and is included in in-kind contributions on the statements of activities.

Donated gift cards, restaurant certificates, meals for SOS update presentation, and delivery fee for flowers order are used for the Foundation's program and supporting services.

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND 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 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 \$755,791 and \$785,431 for the years ended August 31, 2022 and 2021, respectively.

The Foundation had amounts payable to the District of \$96,865 and \$232,186 at August 31, 2022 and 2021, 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, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Subsequent Events

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

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of various mutual funds, exchange-traded 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:

	<u>2022</u>	<u>2021</u>
Cash (Money Market Accounts)	\$ 237,328	\$ 764,772
Exchange-Traded Fund	560,713	-
Mutual Funds:		
Bond Mutual Funds	1,360,761	948,235
Foreign Large Growth	351,542	325,303
Foreign Large Blend	-	177,733
Large Value	93,974	487,781
Large Growth	89,852	190,697
Diversified Emerging Markets	-	125,819
Small-Cap Growth	-	158,868
Mid-Cap Growth	99,506	159,765
Mid-Cap Value	110,311	185,796
Total	<u>\$ 2,903,987</u>	<u>\$ 3,524,769</u>

THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Operating Reserve Investments	\$ 399,779	\$ 446,185
Investments Available for Operations	50,577	400,112
Funding Forward Reserve Investments	821,510	696,447
Donor Restricted Cash and Investments	488,390	575,375
Investments Restricted for Scholarships	277,341	337,149
Endowment Investments	866,390	1,069,501
Total	<u>\$ 2,903,987</u>	<u>\$ 3,524,769</u>

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

	<u>2022</u>	<u>2021</u>
Dividends and Interest	\$ 154,919	\$ 61,581
Realized and Unrealized Gains (Losses)	(588,633)	341,301
Investment Fees	(15,943)	(14,687)
Total Investment Return	<u>\$ (449,657)</u>	<u>\$ 388,195</u>

Investments are reported at fair value at August 31:

	<u>Fair Value Measurements at Report Date Using</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Accounts	\$ 237,328	\$ -	\$ -	\$ 237,328
Exchanged-Traded Funds	560,713	-	-	560,713
Mutual Funds	2,105,946	-	-	2,105,946
Beneficial Interest	-	-	53,288	53,288
Total Assets at Fair Value	<u>\$ 2,903,987</u>	<u>\$ -</u>	<u>\$ 53,288</u>	<u>\$ 2,957,275</u>

	<u>Fair Value Measurements at Report Date Using</u>			
	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>

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 3 NET ASSETS WITHOUT DONOR RESTRICTIONS

The net assets without donor restrictions consist of the following at August 31:

	<u>2022</u>	<u>2021</u>
Board-Designated Operating Reserve	\$ 399,779	\$ 446,185
Funding Forward Reserve	821,510	696,447
Undesignated Funds	35,547	123,084
Total	<u>\$ 1,256,836</u>	<u>\$ 1,265,716</u>

NOTE 4 ENDOWMENT

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

	<u>2022</u>	<u>2021</u>
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	<u>\$ 732,771</u>	<u>\$ 732,771</u>

Interpretation of Relevant Law

The Foundation's board of trustees has interpreted the state of Washington Prudent Management of Institutional Funds Act (PMIFA) 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 PMIFA. 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, 2022 AND 2021**

NOTE 4 ENDOWMENT (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - August 31, 2021	\$ -	\$ 1,133,841	\$ 1,133,841
Endowment Investment Return:			
Interest and Dividends	-	60,310	60,310
Realized and Unrealized Losses	-	(226,812)	(226,812)
Fees	-	(5,661)	(5,661)
Total Endowment Investment Return	-	961,678	961,678
Appropriation of Endowment for Expenditure	-	(42,000)	(42,000)
Endowment Net Assets - August 31, 2022	\$ -	\$ 919,678	\$ 919,678

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning 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	-	1,165,841	1,165,841
Appropriation of Endowment for Expenditure	-	(32,000)	(32,000)
Endowment Net Assets - August 31, 2021	\$ -	\$ 1,133,841	\$ 1,133,841

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

	2022	2021
Endowment Investments	\$ 866,390	\$ 1,069,501
Beneficial Interest	53,288	64,340
Total	\$ 919,678	\$ 1,133,841

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 4 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 2022 (for release in 2023); however, appropriation is subject to economic and market conditions. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

**THE BELLEVUE SCHOOLS FOUNDATION
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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specified purpose:		
Student Support:		
AVID	\$ 515	\$ 515
Equity	3,409	23,025
Comp SC	-	75,000
Early Learning	1,910	-
Free Meals	-	3,152
Highly Capable	4,304	4,304
Mental Health	-	12,000
SOS Signs of Suicide	-	25,623
Social Emotional Learning	-	37,414
Total Student Support	10,138	181,033
Other Programs:		
Affordable Housing Project	108,958	-
The Howard Johnson Principal Scholarship Fund	158,588	194,860
Nan Campbell Scholarship Fund	98,384	115,770
Muren Scholarship Fund	20,374	26,523
Sherry Ladd	488,840	594,745
Other Memorial Gifts and Programs	5,182	8,880
Total Other Programs	880,326	940,778
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Charlotte Field Endowment Earnings (Academic Rigor for Music Program)	112,332	208,885
Volunteers in Bellevue's Education System (VIBES) Endowment Earnings	32,088	112,258
Michael N. Riley Endowment Earnings	28,970	55,216
Total	173,390	376,359
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
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	693,000	693,000
Total Endowments	866,390	1,069,359

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Perpetual in natural, not subject to spending policy or appropriation:		
Carla Vendeland Community Service Award Fund	\$ 53,288	\$ 64,340
Total Net Assets With Donor Restrictions	<u>\$ 1,810,142</u>	<u>\$ 2,255,510</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Academic Rigor:		
Charlotte Field Endowment Earnings (for Music Program)	\$ 19,027	\$ 14,724
Transforming Education:		
College Counseling	-	1,312
Computer Science Education	7,929	75,516
STEM	-	18,600
Teals	1,019	3,575
Total Transforming Education	<u>8,948</u>	<u>99,003</u>
Student and Teacher Support:		
Volunteers in Bellevue's Education System (VIBES) Endowment Earnings	15,798	11,879
VIBES	-	2,290
Equity	19,899	49,022
Bucks for books	-	2,952
Comp SC	75,000	75,000
Culturally Respons & Innov Woodridge	-	30,542
Early Learning	100,000	32,218
First Responder Support/COVID Support	-	56,276
Free Meals	3,152	-
i2 Grants	53,280	-
Mental Health	20,312	-
SOS Signs of Suicide	35,726	110,000
Social Emotional Learning	37,444	-
National Board	8,000	515
Classroom Grants	3,049	-
Other	1,114	-
Total Student Support	<u>372,774</u>	<u>370,694</u>

**THE BELLEVUE SCHOOLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Other Programs:		
Affordable Housing Project	\$ 141,042	\$ -
The Howard Johnson Principal Scholarship Fund	5,500	5,300
Riley Endowment Earnings	5,174	3,881
Muren Scholarship Fund	2,000	4,000
Vendeland Endowment Earnings	2,000	2,000
Sherry Ladd	17,385	11,755
Other Memorial Gifts and Programs	15,903	860
Total Other Programs	<u>189,004</u>	<u>27,796</u>
Total	<u>\$ 589,753</u>	<u>\$ 512,217</u>

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 \$53,288 and \$64,340 at August 31, 2022 and 2021, 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).

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

Balance at August 31, 2020	\$ 50,594
Investment Earnings, Net of Fees	15,746
Withdrawals	<u>(2,000)</u>
Balance at August 31, 2021	64,340
Investment Loss, Net of Fees	(9,052)
Withdrawals	<u>(2,000)</u>
Balance at August 31, 2022	<u>\$ 53,288</u>

The value of the beneficial interest represents an irrevocable right to receive distributions in from a trust that is managed by a third party. The Foundation does not have variance power over the trust's portfolio. The value of Beneficial Interests in Perpetual Trust is estimated based on the fair value of the underlying investments held by the trust.

**THE BELLEVUE SCHOOLS FOUNDATION
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NOTE 7 PAYCHECK 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 twenty-four 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 SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

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 as of August 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 215,232	\$ 120,615
Investments Available for Operations	50,577	400,112
Operating Reserve Investments	399,779	446,185
Pledges Receivable, Net	12,916	57,000
Total	<u>\$ 678,504</u>	<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 \$1,221,147 and \$1,142,632 as August 31, 2022 and 2021, respectively.