



For the Year Ended June 30, 2023

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## Independent Auditor's Report

**To the Board of Directors  
IslandWood  
Bainbridge Island, Washington**

### Opinion

We have audited the financial statements of IslandWood, which comprise the statement of financial position as of June 30, 2023, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IslandWood as of June 30, 2023, 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 IslandWood 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 IslandWood's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### 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.



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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 IslandWood'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 IslandWood'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 IslandWood'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  
November 6, 2023

## **FINANCIAL STATEMENTS**

## ISLANDWOOD

### Statement of Financial Position June 30, 2023 (With Comparative Totals for 2022)

|  | <u>2023</u>                 | <u>2022</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Assets</b>                              |                             |                             |
| <b>Current Assets:</b>                     |                             |                             |
| Cash and cash equivalents                  | \$ 1,102,950                | \$ 941,582                  |
| Accounts receivable                        | 458,400                     | 323,452                     |
| Pledges receivable, current (Note 5)       | 732,785                     | 914,419                     |
| Prepaid expenses                           | 226,653                     | 239,062                     |
| Other assets                               | 81,137                      | 98,711                      |
| <b>Total Current Assets</b>                | <b>2,601,925</b>            | <b>2,517,226</b>            |
| Long-term receivables (Note 2)             | 112,060                     | 108,297                     |
| Investments (Note 3)                       | 18,668,387                  | 17,853,433                  |
| Long-term pledges receivable, net (Note 5) | 582,849                     | 690,734                     |
| Property and equipment, net (Note 6)       | 27,384,182                  | 28,204,391                  |
| <b>Total Assets</b>                        | <b><u>\$ 49,349,403</u></b> | <b><u>\$ 49,374,081</u></b> |
| <b>Liabilities and Net Assets</b>          |                             |                             |
| <b>Current Liabilities:</b>                |                             |                             |
| Accounts payable                           | \$ 161,910                  | \$ 199,908                  |
| Accrued expenses                           | 533,723                     | 468,205                     |
| Deferred revenue                           | 1,503,575                   | 1,231,839                   |
| <b>Total Liabilities</b>                   | <b>2,199,208</b>            | <b>1,899,952</b>            |
| <b>Net Assets:</b>                         |                             |                             |
| Without donor restrictions                 | 27,026,502                  | 27,504,986                  |
| With donor restrictions                    | 20,123,693                  | 19,969,143                  |
| <b>Total Net Assets</b>                    | <b><u>47,150,195</u></b>    | <b><u>47,474,129</u></b>    |
| <b>Total Liabilities and Net Assets</b>    | <b><u>\$ 49,349,403</u></b> | <b><u>\$ 49,374,081</u></b> |

See accompanying notes.

## ISLANDWOOD

### Statement of Activities For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2023 Total        | 2022 Total         |
|---|-------------------------------|----------------------------|-------------------|--------------------|
| <b>Operating Activities</b>                             |                               |                            |                   |                    |
| <b>Support and Revenue:</b>                             |                               |                            |                   |                    |
| Contributions   | \$ 1,155,116                  | \$ 104,123                 | \$ 1,259,239      | \$ 1,774,901       |
| Program service fees                                    | 5,392,822                     |                            | 5,392,822         | 3,954,015          |
| Investment return                                       | 40,777                        | 1,529,184                  | 1,569,961         | (2,125,563)        |
| In-kind contributions                                   | 123,879                       |                            | 123,879           | 110,596            |
| Fundraising events, net                                 | 716,385                       | 175,000                    | 891,385           | 597,428            |
| Government COVID-relief funding                         | 1,031,931                     |                            | 1,031,931         | 1,146,348          |
| Other revenue   | 57,378                        |                            | 57,378            | 111,022            |
|   | 8,518,288                     | 1,808,307                  | 10,326,595        | 5,568,747          |
| Endowment spending release                              | 704,257                       | (704,257)                  |                   |                    |
| Contributions release                                   | 949,500                       | (949,500)                  |                   |                    |
| <b>Total Support and Revenue</b>                        | <b>10,172,045</b>             | <b>154,550</b>             | <b>10,326,595</b> | <b>5,568,747</b>   |
| <b>Expenses:</b>  |                               |                            |                   |                    |
| Program services-                                       |                               |                            |                   |                    |
| Education programs                                      | 4,425,185                     |                            | 4,425,185         | 3,507,461          |
| Educational conferences and<br>community programs       | 3,170,503                     |                            | 3,170,503         | 2,726,657          |
| Total program services                                  | 7,595,688                     |                            | 7,595,688         | 6,234,118          |
| Supporting services-                                    |                               |                            |                   |                    |
| Management and general                                  | 989,332                       |                            | 989,332           | 770,997            |
| Fundraising   | 1,016,148                     |                            | 1,016,148         | 967,394            |
| Total supporting services                               | 2,005,480                     |                            | 2,005,480         | 1,738,391          |
| <b>Total Operating Expenses<br/>Before Depreciation</b> | <b>9,601,168</b>              |                            | <b>9,601,168</b>  | <b>7,972,509</b>   |
| <b>Operating Income (Loss)<br/>Before Depreciation</b>  | <b>570,877</b>                | <b>154,550</b>             | <b>725,427</b>    | <b>(2,403,762)</b> |
| Depreciation  | 1,050,161                     |                            | 1,050,161         | 1,053,149          |
| <b>Operating (Loss) Income</b>                          | <b>(479,284)</b>              | <b>154,550</b>             | <b>(324,734)</b>  | <b>(3,456,911)</b> |

See accompanying notes.



**ISLANDWOOD****Statement of Activities (Continued)  
For the Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2023 Total</u>           | <u>2022 Total</u>           |
|--|---------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| <b>Nonoperating Activities</b>             |                                       |                                    |                             |                             |
| Capital contributions                      |                                       |                                    |                             | 325,000                     |
| Loss on disposal of fixed assets           | <u>800</u>                            | <u></u>                            | <u>800</u>                  | <u></u>                     |
| <b>Change in Net Assets - Nonoperating</b> | <u>800</u>                            | <u></u>                            | <u>800</u>                  | <u>325,000</u>              |
| <b>Total Change in Net Assets</b>          | <b>(478,484)</b>                      | <b>154,550</b>                     | <b>(323,934)</b>            | <b>(3,131,911)</b>          |
| Net assets, beginning of year              | <u>27,504,986</u>                     | <u>19,969,143</u>                  | <u>47,474,129</u>           | <u>50,606,040</u>           |
| <b>Net Assets, End of Year</b>             | <u><b>\$ 27,026,502</b></u>           | <u><b>\$ 20,123,693</b></u>        | <u><b>\$ 47,150,195</b></u> | <u><b>\$ 47,474,129</b></u> |

See accompanying notes.

## ISLANDWOOD

### Statement of Functional Expenses For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

|   | Program Services    |  |                     | Supporting Services    |                     | 2023 Total           | 2022 Total          |
|---|---------------------|--|---------------------|------------------------|---------------------|----------------------|---------------------|
|   | Education Programs  | Educational Conferences and Community Programs | Total               | Management and General | Fundraising         |                      |                     |
| Salaries and wages  | \$ 2,356,796        | \$ 1,573,014                                   | \$ 3,929,810        | \$ 285,219             | \$ 710,284          | \$ 4,925,313         | \$ 4,246,388        |
| Employee benefits   | 367,775             | 230,228  | 598,003             | 38,321                 | 98,122              | 734,446              | 582,298             |
| Payroll taxes   | 249,399             | 177,303  | 426,702             | 27,429                 | 69,481              | 523,612              | 434,380             |
| Food  | 192,952             | 372,502  | 565,454             | 121                    | 3,718               | 569,293              | 359,498             |
| Lodge cleaning service  | 197,704             | 227,289  | 424,993             |                        |                     | 424,993              | 115,626             |
| IT Management and payroll services  | 167,467             | 76,884   | 244,351             | 58,578                 | 21,048              | 323,977              | 237,040             |
| Scholarships  | 300,293             |  | 300,293             |                        |                     | 300,293              | 378,823             |
| Utilities   | 48,673              | 88,130   | 136,803             | 48,229                 | 506                 | 185,538              | 172,899             |
| Software  | 29,867              | 15,096   | 44,963              | 109,976                | 30,445              | 185,384              | 144,935             |
| Insurance   | 45,968              | 83,232   | 129,200             | 45,550                 | 477                 | 175,227              | 160,105             |
| Maintenance - preventative  | 42,623              | 77,176   | 119,799             | 42,235                 | 443                 | 162,477              | 149,538             |
| Program promotion   | 47,031              | 25,927   | 72,958              | 30,850                 | 19,342              | 123,150              | 49,842              |
| Consulting  | 14,323              | 1,690  | 16,013              | 95,862                 | 18,201              | 130,076              | 87,201              |
| Maintenance/repairs   | 30,057              | 54,422   | 84,479              | 29,783                 | 313                 | 114,575              | 105,313             |
| Supplies-housekeeping/kitchen/linen   | 27,889              | 58,580   | 86,469              | 16,626                 | 174                 | 103,269              | 85,122              |
| Graduate program fees   | 102,550             |  | 102,550             |                        |                     | 102,550              | 201,125             |
| Program supplies  | 63,202              | 7,485  | 70,687              | 15                     | 3,181               | 73,883               | 50,423              |
| Taxes   | 5,063               | 49,874   | 54,937              | 10,874                 |                     | 65,811               | 47,527              |
| Supplies-office   | 32,110              | 14,144   | 46,254              | 10,331                 | 3,665               | 60,250               | 66,352              |
| Audit   |                     |  |                     | 48,715                 |                     | 48,715               | 42,968              |
| Credit card processing  | 15,163              | 23,615   | 38,778              | 2,813                  | 4,783               | 46,374               | 36,590              |
| Board and staff support   | 10,355              | 4,475  | 14,830              | 15,960                 | 2,019               | 32,809               | 33,303              |
| Instructor fees   | 29,976              |  | 29,976              |                        |                     | 29,976               | 41,784              |
| Travel  | 25,513              | 306  | 25,819              | 753                    | 518                 | 27,090               | 17,168              |
| Legal   |                     |  |                     | 22,317                 |                     | 22,317               | 3,974               |
| Printing/design   | 4,444               | 2,139  | 6,583               | 4,795                  | 10,585              | 21,963               | 19,503              |
| Telephone/internet  | 10,479              | 4,863  | 15,342              | 3,364                  | 1,209               | 19,915               | 18,162              |
| Professional development  | 4,592               | 61   | 4,653               | 13,829                 | 117                 | 18,599               | 2,787               |
| Donor support/recognition   |                     |  |                     | 11,228                 | 6,083               | 17,311               | 14,583              |
| Miscellaneous   | 471                 |  | 471                 | 4,214                  | 4,500               | 9,185                | 6,389               |
| Postage/delivery  | 138                 | 595  | 733                 | 984                    | 6,398               | 8,115                | 8,061               |
| Dues/fees-general   | 812                 | 1,473  | 2,285               | 3,284                  | 536                 | 6,105                | 6,588               |
| Interest expense  |                     |  |                     | 4,758                  |                     | 4,758                | 168                 |
| Gift shop   |                     |  |                     | 2,319                  |                     | 2,319                | 1,354               |
| In-kind contributions   | 1,500               |  | 1,500               |                        |                     | 1,500                | 44,692              |
| Total operating expenses before depreciation and special events                   | 4,425,185           | 3,170,503                                      | 7,595,688           | 989,332                | 1,016,148           | 9,601,168            | 7,972,509           |
| Depreciation  | 299,761             | 473,163  | 772,924             | 268,439                | 8,798               | 1,050,161            | 1,053,149           |
| Add special events expense netted against revenues on the statement of activities |                     |  |                     |                        | 355,881             | 355,881              | 261,770             |
| <b>Total Operating Expenses</b>   | <b>\$ 4,724,946</b> | <b>\$ 3,643,666</b>                            | <b>\$ 8,368,612</b> | <b>\$ 1,257,771</b>    | <b>\$ 1,380,827</b> | <b>\$ 11,007,210</b> | <b>\$ 9,287,428</b> |

See accompanying notes.

## ISLANDWOOD

### Statement of Cash Flows For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

|  | <u>2023</u>         | <u>2022</u>       |
|--|---------------------|-------------------|
| <b>Cash Flows From Operating Activities:</b>   |                     |                   |
| Change in net assets   | \$ (323,934)        | \$ (3,131,911)    |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities- |                     |                   |
| Depreciation   | 1,050,161           | 1,053,149         |
| Realized and unrealized (gain) loss on investments   | (1,058,522)         | 2,359,766         |
| Change in cash surrender value of life insurance   | (2,533)             | 2,144             |
| Paycheck Protection Program loan forgiveness recognized  |                     | (1,057,745)       |
| Loss (gain) on disposal of property and equipment  | (800)               |                   |
| Changes in assets and liabilities:   |                     |                   |
| Accounts receivable  | (134,948)           | (271,736)         |
| Pledges receivable, net  | 289,519             | (4,195)           |
| Prepaid expenses   | 12,409              | 4,994             |
| Other assets   | 17,574              | 5,614             |
| Long-term receivables  | (3,763)             | (4,146)           |
| Accounts payable   | (37,998)            | 100,584           |
| Accrued expenses   | 65,518              | 294,459           |
| Deferred revenue   | 271,736             | 318,371           |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | <b>144,419</b>      | <b>(330,652)</b>  |
| <b>Cash Flows From Investing Activities:</b>   |                     |                   |
| Purchase of investments  | (5,002,097)         | (4,503,965)       |
| Proceeds from sale of investments  | 5,248,198           | 5,017,720         |
| Proceeds from sale of property and equipment   | 800                 |                   |
| Purchase of property and equipment   | (229,952)           | (129,877)         |
| <b>Net Cash Provided by Investing Activities</b>   | <b>16,949</b>       | <b>383,878</b>    |
| <b>Net Change in Cash and Cash Equivalents</b>   | <b>161,368</b>      | <b>53,226</b>     |
| Cash and cash equivalents, beginning of year   | 941,582             | 888,356           |
| <b>Cash and Cash Equivalents, End of Year</b>  | <b>\$ 1,102,950</b> | <b>\$ 941,582</b> |
| Cash paid for interest   | \$ 4,758            | \$ 161            |

See accompanying notes.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 1 - Nature of Activities and Summary of Significant Accounting Policies

**Nature of Activities** - IslandWood's mission is to provide exceptional learning experiences and to inspire lifelong environmental and community stewardship. IslandWood connects children and adults to the natural environment on our Bainbridge campus and in communities throughout the Puget Sound region. The core programs consist of the School Overnight Program for 4th - 6th grades, the Residential Graduate Program in conjunction with the University of Washington, and Urban School Programs that deliver educational programming at the Brightwater Treatment Center and at school yards throughout the Puget Sound. IslandWood hosts conferences and milestone events and convenes national leaders on issues related to our mission. The Bainbridge Island campus also offers community programs, summer camps and volunteer opportunities and partners with other groups to provide a place for children and families to explore the outdoors together.

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of IslandWood or the passage of time, or net assets subject to donor-imposed stipulations that will be maintained permanently by IslandWood.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of time or purpose restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the reporting period in which the revenue is recognized.

Fundraising events are reported net of direct expenses of \$355,881 and \$261,770 for the years ended June 30, 2023 and 2022, respectively.

Nonoperating activities consist of activities related to receipts of contributions restricted for the acquisition of capital assets and endowment corpus and gain or loss on disposal of fixed assets.

**Program Service Fees** - The specific revenue recognition policies for each major category of program service fees are as follows:

Student Overnight Program - IslandWood offers a multiday, overnight program for students to learn about the environment. Revenue from the program is recognized at the point in time when the performance obligation is satisfied at the end of the four-day program.

EEC Graduate Program - IslandWood offers a ten-month residency in environmental education in partnership with the University of Washington ("UW") to complete the first year of a UW Master's in education. Revenue from the program is recognized when the performance obligation is satisfied during each academic quarter.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

#### Note 1 - Continued

Summer Camps - IslandWood offers outdoor Summer Camps that span a week each. Revenue from the program is recognized at the point in time when the performance obligation is satisfied at the end of week-long camp.

Urban School Programs - IslandWood offers classrooms real world environmental examples, such as water-themed day-long programs at King County's Brightwater Wastewater Treatment Plant and other field studies throughout King and Snohomish Counties. Revenue from the program is recognized ratably as the performance obligation is satisfied.

Conferences - IslandWood offers its location to host various events. Revenue from the program is recognized at the point in time when the performance obligation is satisfied at the completion of each event.

Significant balances associated with contracts with customers are as follows as of June 30:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Accounts Receivable:</b>   |                     |                     |
| Urban school programs receivable                                      | \$ 93,503           | \$ 47,183           |
| Education programs receivable   | 200,477             | 214,341             |
| Receivables from conferences  | 63,484              | 19,641              |
| Total accounts receivable associated<br>with contracts with customers | 357,464             | 281,165             |
| Other receivables   | 100,936             | 42,287              |
| <b>Total Accounts Receivable</b>                                      | <b>\$ 458,400</b>   | <b>\$ 323,452</b>   |
| <b>Deferred Revenue:</b>  |                     |                     |
| Unearned student overnight program revenue                            | \$ 139,000          | \$ 104,865          |
| Unearned EEC graduate program revenue                                 | 7,125               | 9,725               |
| Unearned summer camps revenue   | 309,016             | 209,331             |
| Unearned conferences revenue  | 857,427             | 800,335             |
| Event registrations revenue   | 190,957             | 107,583             |
| Other unearned revenue  | 50                  |                     |
| <b>Total Deferred Revenue</b>   | <b>\$ 1,503,575</b> | <b>\$ 1,231,839</b> |
| <b>Program Service Fee Revenue:</b>                                   |                     |                     |
| EEC graduate program revenues   | \$ 520,708          | \$ 942,089          |
| Student overnight program   | 1,372,698           | 390,567             |
| Summer camps revenues   | 266,413             | 186,758             |
| Urban school program revenues   | 279,306             | 238,663             |
| Conferences revenues  | 2,861,333           | 1,986,742           |
| Day programs  | 68,049              | 193,875             |
| Other program service fee revenue                                     | 24,315              | 15,321              |
| <b>Total Program Service Fee Revenue</b>                              | <b>\$ 5,392,822</b> | <b>\$ 3,954,015</b> |

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 1 - Continued

**Donated Materials and Services** - Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets and (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by IslandWood. For the years ended June 30, 2023 and 2022, in-kind contributions recognized totaled \$123,879 and \$110,596, respectively. Donated items primarily consist of donations for items to be auctioned at special events, which are generally auctioned in the year they are received.

**Collections** - Collection items (including artworks) are recorded at cost if purchased and at fair value at date of accession if donated.

**Income Tax Status** - The Internal Revenue Service has notified IslandWood that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. IslandWood qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, IslandWood considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents except for those held in the investment portfolio.

**Vulnerability From Certain Concentrations** - At June 30, 2023 and 2022, there were pledges receivables from individuals that are each in excess of 10% of the total pledges receivable balance. At June 30, 2023, pledges receivable from three individuals represented 59% of the total pledges receivable balance. At June 30, 2022, pledges receivable from two individuals represented 59% of the total pledges receivable balance.

For the year ended June 30, 2023, there were contributions from individuals and foundations that were each in excess of 10% of the contributions balance. For the year ended June 30, 2022, there were contributions from two donors representing 36% of total contributions. For the year ended June 30, 2022, there were no contributions in excess of 10% of the contributions balance.

**Concentrations of Credit Risk** - Financial instruments which potentially subject IslandWood to concentrations of credit risk consist of investments and cash. During the years ended June 30, 2023 and 2022, IslandWood had cash deposits and investments with financial institutions in excess of the federally insured limits.

**Accounts Receivable** - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to expense or an allowance and a credit to accounts receivable.

**Pledges Receivable** - Pledges 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. Pledges due in periods over one year are discounted at 6.0%. Amortization of the discount is presented separately. Conditional promises to give are not included as support until the conditions are substantially met.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 1 - Continued

**Investments** - Investments with readily determinable market values are stated at fair value based on quoted market prices. Alternative investments, which are not readily marketable, are carried at net asset value as provided by investment managers. IslandWood reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the net asset value of the alternative investments. Those estimated net assets values may differ significantly from the values that would have been used had a ready market for these investments existed.

**Property and Equipment** - Purchased property and equipment are carried at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets of three to forty years. During the years ended June 30, 2023 and 2022, additions and improvements greater than \$5,000, and all furniture, computers and equipment greater than \$2,500, with a minimum useful life of three years are capitalized.

Donated property and equipment are recorded at the approximate fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, IslandWood reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

**Functional Expenses** - IslandWood's Statement of Activities contains categories of expenses that are attributable to one or more of the organization's program services or supporting services. The Statement of Functional Expenses allocates such expenses, including depreciation, personnel expenses for the executive office (CEO and CFO), the communications department, certain technology costs, and certain office and general administrative expenses. Depreciation is allocated based on square footage. Personnel expenses of the executive office and all departmental expenses for the communications team are allocated based on time spent. Technology costs are allocated based on usage. Office and general administrative expenses are allocated based on the headcount of the receiving departments.

**Estimates** - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Commitments** - Beginning November 1, 2011, IslandWood entered into an agreement to perform certain services, including but not limited to, contract administration and management, program planning and development, and program coordination and facilitation for an environmental education center. As part of this agreement, IslandWood receives various revenues. IslandWood has a contract that was renewed for an additional five years through August 25, 2026.

Beginning December 2022, IslandWood entered into an agreement to perform certain services, including but not limited to, contract administration and management, program planning and development, and program coordination and facilitation for an environmental education program. As part of this agreement, IslandWood receives various revenues. The contract is set to end in February 2026.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 1 - Continued

**Prior Year Summarized Information** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for IslandWood for the year ended June 30, 2022, from which the summarized information was derived.

**Subsequent Events** - IslandWood's management has evaluated subsequent events through November 6, 2023, the date on which the financial statements were available for issuance.

#### Note 2 - Long-Term Receivables

IslandWood had an agreement with a former employee to purchase life insurance for the employee during the person's employment. Under the arrangement, IslandWood paid the premium of the life insurance and, upon the employee's death, will receive repayment of all premiums paid. These expected repayments are recorded as noninterest bearing receivables of \$112,060 and \$108,297, net of a discount of \$118,640 and \$122,403, and are included in long-term receivables on the statement of financial position at June 30, 2023 and 2022, respectively. The receivables are secured by the respective insurance policies, are due upon the individual's death and are discounted at 5% over the expected life of the individual.

#### Note 3 - Investments

Investments are as follows at June 30:

|  | <u>2023</u>                 | <u>2022</u>                 |
|--|-----------------------------|-----------------------------|
| Money market funds                           | \$ 923,482                  | \$ 1,030,675                |
| Fixed income                                 | 3,523,290                   | 3,018,167                   |
| Mutual funds - bonds                         | 376,437                     | 717,617                     |
| Mutual funds - equity                        | 10,639,781                  | 6,658,747                   |
| Marketable equity securities                 | 1,902,011                   | 5,155,693                   |
| Alternative investments                      | 1,192,030                   | 1,163,711                   |
| Life insurance policies at net present value | 111,356                     | 108,823                     |
|  | <u><u>\$ 18,668,387</u></u> | <u><u>\$ 17,853,433</u></u> |

Investment return for the years ended June 30 was as follows:

|   | <u>2023</u>                | <u>2022</u>                  |
|---|----------------------------|------------------------------|
| Realized and unrealized (loss) gain - operating | \$ 1,061,055               | \$ (2,361,910)               |
| Dividends and interest, net of fees - operating | 508,906                    | 236,347                      |
|   | <u><u>\$ 1,569,961</u></u> | <u><u>\$ (2,125,563)</u></u> |

Investment fees for the years ended June 30, 2023 and 2022 were \$111,972 and \$115,359, respectively.



## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 4 - Fair Value Measurements

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 were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Money Market Funds - Valued at cost plus accrued interest, which approximates fair value.

Marketable Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Fixed Income - Valued at the closing price reported for similar instruments on the active market which the securities are traded.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by IslandWood at year end.

Nonmarketable securities are valued at net asset value (NAV) per share, or its equivalent, as a practical expedient, as reported by the investment manager unless specific evidence indicates the NAV should be adjusted.

The table below summarizes significant terms of the agreements with certain investment companies for the nonmarketable investments. There are no significant redemption restrictions or unfunded commitments on other types of investments.

| <u>Asset Class</u> | <u>Net Asset Value as of June 30, 2023</u> | <u>Remaining Life</u> | <u>Unfunded Commitments</u> | <u>Redemption Terms</u>  | <u>Redemption Restrictions</u> |
|--------------------|--|-----------------------|-----------------------------|--|--------------------------------|
| Hedge funds        | \$ 1,192,030                               | Not applicable.       | Not applicable.             | From quarterly with 75 days notice to semi-annually with 90 days notice. | No lock-up.                    |
| Private equity     | \$ 721,087                                 | Not applicable.       | \$ 344,601                  | Not applicable.  | Not applicable.                |

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

#### Note 4 - Continued

**Fair Values Measured on a Recurring Basis** - Fair values of assets and liabilities measured on a recurring basis at June 30 were as follows:

|  | Fair Value Measurements at June 30, 2023 |                     |             |                      |
|--|--|---------------------|-------------|----------------------|
|  | Level 1                                  | Level 2             | Level 3     | Total                |
| Marketable securities at fair value-                           |  |                     |             |                      |
| Money market funds   | \$ 923,482                               | \$ -                | \$ -        | \$ 923,482           |
| Equities   | 1,180,924                                |                     |             | 1,180,924            |
| Fixed income   |  | 3,523,290           |             | 3,523,290            |
| Mutual funds:  |  |                     |             |                      |
| International  | 2,276,644                                |                     |             | 2,276,644            |
| Large cap  | 5,930,310                                |                     |             | 5,930,310            |
| Real estate  | 842,326                                  |                     |             | 842,326              |
| Absolute return  | 999                                      |                     |             | 999                  |
| Commodities  | 516,587                                  |                     |             | 516,587              |
| Small cap  | 1,072,915                                |                     |             | 1,072,915            |
| Fixed income   | 376,437                                  |                     |             | 376,437              |
| <b>Total Marketable Securities at Fair Value<sup>(a)</sup></b> | <b>\$ 13,120,624</b>                     | <b>\$ 3,523,290</b> | <b>\$ -</b> | 16,643,914           |
| Nonmarketable securities at net asset value-                   |  |                     |             |                      |
| Hedge funds  |  |                     |             | 1,192,030            |
| Private equity   |  |                     |             | 721,087              |
| Life insurance   |  |                     |             | 111,356              |
| Total nonmarketable securities at net asset value              |  |                     |             | 2,024,473            |
| <b>Total Investments</b>                                       |  |                     |             | <b>\$ 18,668,387</b> |

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

#### Note 4 - Continued

|  | Fair Value Measurements at June 30, 2022 |                     |             |                      |
|--|--|---------------------|-------------|----------------------|
|  | Level 1                                  | Level 2             | Level 3     | Total                |
| Marketable securities at fair value-                           |  |                     |             |                      |
| Money market funds   | \$ 1,030,675                             | \$ -                | \$ -        | \$ 1,030,675         |
| Equities   | 4,384,463                                |                     |             | 4,384,463            |
| Fixed income   |  | 3,018,167           |             | 3,018,167            |
| Mutual funds:  |  |                     |             |                      |
| International  | 2,151,660                                |                     |             | 2,151,660            |
| Large cap  | 2,067,880                                |                     |             | 2,067,880            |
| Real estate  | 842,427                                  |                     |             | 842,427              |
| Absolute return  | 999                                      |                     |             | 999                  |
| Commodities  | 589,357                                  |                     |             | 589,357              |
| Small cap  | 1,006,424                                |                     |             | 1,006,424            |
| Fixed income   | 717,617                                  |                     |             | 717,617              |
| <b>Total Marketable Securities at Fair Value<sup>(a)</sup></b> | <b>\$ 12,791,502</b>                     | <b>\$ 3,018,167</b> | <b>\$ -</b> | <b>15,809,669</b>    |
| Nonmarketable securities at net asset value-                   |  |                     |             |                      |
| Hedge funds  |  |                     |             | 1,163,711            |
| Private equity   |  |                     |             | 771,230              |
| Life insurance   |  |                     |             | 108,823              |
| Total nonmarketable securities at net asset value              |  |                     |             | 2,043,764            |
| <b>Total Investments</b>                                       |  |                     |             | <b>\$ 17,853,433</b> |

(a) In accordance with ASU 2015-07, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

#### Note 5 - Pledges Receivable

Pledges receivable at June 30 are as follows:

|                                  | 2023                | 2022                |
|----------------------------------|---------------------|---------------------|
| Current pledges-                 |                     |                     |
| Due within one year              | \$ 732,785          | \$ 914,419          |
| Long-term pledges-               |                     |                     |
| Pledges due in two to five years | 645,000             | 722,500             |
| Less unamortized discount        | (62,151)            | (31,766)            |
| Total long-term pledges          | 582,849             | 690,734             |
| <b>Net Pledges Receivable</b>    | <b>\$ 1,315,634</b> | <b>\$ 1,605,153</b> |

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 5 - Continued

Long-term pledges include those pledges expected to be collected more than one year in the future, as well as those pledges restricted specifically for long term purposes such as fixed assets or endowments.

#### Note 6 - Property and Equipment

Property and equipment as of June 30 are as follows:

|                                    | <u>2023</u>                 | <u>2022</u>                 |
|------------------------------------|-----------------------------|-----------------------------|
| Land                               | \$ 6,400,000                | \$ 6,400,000                |
| Buildings and improvements         | 38,154,533                  | 37,982,879                  |
| Equipment                          | 605,772                     | 610,993                     |
| Art                                | 396,773                     | 396,773                     |
| Furniture and fixtures             | 1,541,831                   | 1,561,767                   |
| Vehicles                           | 167,355                     | 177,355                     |
| Construction in progress           | <u>105,363</u>              | <u>27,130</u>               |
|                                    | 47,371,627                  | 47,156,897                  |
| Less accumulated depreciation      | <u>(19,987,445)</u>         | <u>(18,952,506)</u>         |
| <b>Property and Equipment, Net</b> | <b><u>\$ 27,384,182</u></b> | <b><u>\$ 28,204,391</u></b> |

#### Note 7 - Line of Credit

IslandWood has a line of credit for \$4,500,000 with a bank. Interest is calculated as the greater of 2.49% and a rate equal to an independent index based on the LIBOR rate as published in *The Wall Street Journal*, plus 1.5% (6.788% at June 30, 2023). The line of credit is secured by investments held by IslandWood. The outstanding balance on the line of credit was \$0 at June 30, 2023 and 2022.

#### Note 8 - Net Assets

Net assets without donor restrictions consist of the following internally designated and undesignated amounts at June 30:

|   | <u>2023</u>                 | <u>2022</u>                 |
|---|-----------------------------|-----------------------------|
| Undesignated  | \$ 20,166,502               | \$ 21,104,986               |
| Board designated for use in the following fiscal year | 460,000                     |                             |
| Board designated - net investment in land             | <u>6,400,000</u>            | <u>6,400,000</u>            |
|   | <b><u>\$ 27,026,502</u></b> | <b><u>\$ 27,504,986</u></b> |

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 8 - Continued

Net assets with donor restrictions were restricted for the following purposes or periods at June 30:

|  | <u>2023</u>                     | <u>2022</u>                     |
|--|---------------------------------|---------------------------------|
| Subject to the passage of time or expenditure for specified purpose-             |                                 |                                 |
| Capital additions  | \$ 325,000                      | \$ 325,000                      |
| Comprehensive campaign - programs and operations                                 | 378,956                         | 678,956                         |
| Unappropriated endowment earnings  | 1,095,262                       | 274,098                         |
| Restricted for time and other programs   | <u>989,090</u>                  | <u>1,355,804</u>                |
| <br>Total subject to the passage of time or<br>expenditure for specified purpose | <br>2,788,308                   | <br>2,633,858                   |
| <br>Endowment corpus-  |                                 |                                 |
| Endowment - maintenance  | 10,000,000                      | 10,000,000                      |
| Endowment - scholarships   | 5,975,451                       | 5,975,351                       |
| Endowment - arts   | 190,384                         | 190,384                         |
| Endowment - garden classroom   | 169,550                         | 169,550                         |
| Endowment - community fund   | <u>1,000,000</u>                | <u>1,000,000</u>                |
| <br>Total endowment corpus   | <br><u>17,335,385</u>           | <br><u>17,335,285</u>           |
| <br><b>Total Net Assets With Donor Restrictions</b>                              | <br><b><u>\$ 20,123,693</u></b> | <br><b><u>\$ 19,969,143</u></b> |

#### Note 9 - Endowments

IslandWood's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Board of Directors of IslandWood has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long term basis, of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, IslandWood classifies as net assets with donor restrictions - endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

#### Note 9 - Continued

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions - accumulated endowment earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of IslandWood and the donor-restricted 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 IslandWood; and
- The investment policies of IslandWood.

As of June 30, 2023 and 2022, endowment net assets consisted of the following:

|                             | <u>Without Donor<br/>Restrictions</u> | <u>With Donor Restrictions</u> |                                 | <u>2023 Total</u> | <u>2022 Total</u> |
|-----------------------------|---------------------------------------|--------------------------------|---------------------------------|-------------------|-------------------|
|                             |                                       | <u>Endowment<br/>Corpus</u>    | <u>Accumulated<br/>Earnings</u> |                   |                   |
| Donor-restricted endowments | \$ -                                  | \$ 17,335,385                  | \$ 1,095,262                    | \$ 18,430,647     | \$ 17,609,383     |

Changes to endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2023 Total</u>    | <u>2022 Total</u>    |
|--|---------------------------------------|------------------------------------|----------------------|----------------------|
| Endowment net assets, beginning of year      | \$ -                                  | \$ 17,609,383                      | \$ 17,609,383        | \$ 20,542,555        |
| Contributions                                |                                       | 100                                | 100                  | 100                  |
| Endowment investment return, net             |                                       | 1,525,421                          | 1,525,421            | (2,129,811)          |
| Appropriation for expenditure                |                                       | (704,257)                          | (704,257)            | (803,461)            |
| <b>Endowment Net Assets,<br/>End of Year</b> | <b>\$ -</b>                           | <b>\$ 18,430,647</b>               | <b>\$ 18,430,647</b> | <b>\$ 17,609,383</b> |

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires IslandWood to retain as a fund of perpetual duration. These deficiencies generally result from unfavorable market fluctuations and continued appropriation that was deemed prudent by the Board. At June 30, 2023, one endowment fund had a current fair value of \$152,449, an original gift value of \$169,550, leaving a deficit of \$17,101.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 9 - Continued

**Return Objectives and Risk Parameters** - IslandWood 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 IslandWood must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the 45% Barclays Capital US Aggregate/55% S&P 500 Total Return Index in USD while assuming a moderate level of investment risk. IslandWood expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, IslandWood 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). IslandWood targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - IslandWood has a policy of appropriating for distribution each year 5 percent of its scholarship endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. Appropriations from the maintenance endowment are determined in accordance with a facilities reserve study that details annual preventative maintenance. In establishing these policies, IslandWood considered the long term expected return on its endowment. Accordingly, over the long term, IslandWood expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with IslandWood's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### Note 10 - 401(k) Retirement Plan

IslandWood has a 401(k) retirement plan (the Plan), covering full-time and most regular part-time employees who agree to make contributions to the Plan. IslandWood makes a semi-monthly contribution to the Plan to match the employee's contribution into the Plan, up to 4% of the gross annual income of employees with at least 1,000 hours of service. Total employer's match expense for the years ended June 30, 2023 and 2022, was \$126,008 and \$101,602, respectively.

## ISLANDWOOD

### Notes to Financial Statements For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

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#### Note 11 - Risks and Uncertainties

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result of the spread of COVID-19, and at the government's direction, in March 2020, IslandWood canceled or postponed all in person activities. As a result, IslandWood has experienced negative impacts to its program service revenues. As of the date these financial statements were available to be issued, COVID-19 pandemic restrictions have been lifted and IslandWood is operating at near full capacity. Management applied for and received two loans through the Paycheck Protection Program (PPP), as well as Employee Retention Tax Credits. Revenue associated with these programs totaled \$1,031,931 and \$1,146,348 for the years ended June 30, 2023 and 2022, respectively, as is reported as government COVID-relief funding on the statement of activities. Management is continuing to monitor the financial impact of the pandemic and take steps as possible to alleviate its impact on the organization.

#### Note 12 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

|   | <u>2023</u>                       | <u>2022</u>                       |
|---|-----------------------------------|-----------------------------------|
| Cash and cash equivalents   | \$ 1,102,950                      | \$ 941,582                        |
| Accounts receivable   | 458,400                           | 323,452                           |
| Pledges receivable, current   | 732,785                           | 914,419                           |
| Board approved annual endowment<br>distributions for following year                               | <u>1,087,426</u>                  | <u>656,322</u>                    |
| Total financial assets, excluding noncurrent receivables  | 3,381,561                         | 2,835,775                         |
| Contractual or donor-imposed restrictions-  |                                   |                                   |
| Restricted for the purchase of capital additions  | (325,000)                         | (325,000)                         |
| Restricted for scholarships   | <u>(345,000)</u>                  | <u>(293,000)</u>                  |
| <b>Financial Assets Available to Meet Cash Needs<br/>for General Expenditures Within One Year</b> | <b><u><u>\$ 2,711,561</u></u></b> | <b><u><u>\$ 2,217,775</u></u></b> |

IslandWood's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of any amounts identified by the donor available for general use. As described in Note 9, IslandWood maintains and manages endowments with a total value of \$18,430,647 as of June 30, 2023. Income from these endowments is subject to the spending rates and policies described in Note 9. Over the next year, IslandWood's endowment spending policies will permit distributions of at least \$1,087,426, an amount equivalent to the Board approved operating plan for fiscal year 2024.

As part of IslandWood's liquidity management plan, the organization holds one line of credit. The key terms, collateral, covenants and June 30, 2023, balance on this line is described in Note 7. The Board approves regular access to the lines as part of their approval of the annual operating plan and budget.