

TILlicum FOUNDATION
ASTORIA, OREGON

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 and 2021

Prepared by
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd Street
PO Box 1930
Newport, Oregon 97365

TILlicum FOUNDATION
ASTORIA, OREGON

BOARD OF DIRECTORS

Larry Scott	President
John Stevenson	Treasurer
Todd Lippold	Secretary
Sturges Dorrance	Director
Alyssa Evans	Director
Mick Mortlock	Director
Bonnie Lively	Director
vacant	Director
vacant	Director

STATION MANAGER

Susan Peterson

OFFICE

1445 Exchange
Astoria, Oregon 97103
503-325-0010

TILlicum FOUNDATION

ASTORIA, OREGON

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Board of Directors

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GRIMSTAD & ASSOCIATE

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Tillicum Foundation
Astoria, Oregon

Opinion

I have audited the accompanying financial statements of Tillicum Foundation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tillicum Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Tillicum Foundation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 Tillicum Foundation'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tillicum Foundation's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Sincerely,

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant
Newport, Oregon
March 20, 2023

**TILlicum FOUNDATION
ASTORIA, OREGON**

STATEMENTS OF FINANCIAL POSITION
as of September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 381,811	\$ 428,783
Accounts receivable	4,923	3,227
Investment	2,851	3,470
Endowment	<u>20,567</u>	<u>23,797</u>
Total current assets	<u>410,152</u>	<u>459,277</u>
Fixed Assets		
Fixed assets at cost	865,827	850,827
Less: Accumulated depreciation	<u>(641,295)</u>	<u>(622,516)</u>
Net fixed assets	<u>224,532</u>	<u>228,311</u>
Total assets	<u><u>\$ 634,684</u></u>	<u><u>\$ 687,588</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 12,800	\$ 24,364
Accrued wages	0	0
Accrued payroll taxes	5,762	4,783
Deferred revenue	<u>1,610</u>	<u>838</u>
Total current liabilities	<u>20,172</u>	<u>29,985</u>
Total liabilities	<u>20,172</u>	<u>29,985</u>
Net Assets		
Without donor restrictions		
Undesignated	432,116	457,454
Designated	133,408	137,435
With donor restrictions	<u>48,988</u>	<u>62,714</u>
Total net assets	<u>614,512</u>	<u>657,603</u>
Total liabilities and net assets	<u><u>\$ 634,684</u></u>	<u><u>\$ 687,588</u></u>

See accompanying notes to the financial statements.

**TILlicum FOUNDATION
ASTORIA, OREGON**

STATEMENT OF ACTIVITIES
for the Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Membership	\$ 265,614	\$ 0	\$ 265,614	\$ 233,720	\$ 0	\$ 233,720
Underwriting	86,318	0	86,318	65,252	0	65,252
Advertising	12,772	0	12,772	8,322	0	8,322
Merchandise sales	1,879	0	1,879	113	0	113
Rentals	13,679	0	13,679	16,325	0	16,325
Interest	458	0	458	49	0	49
Unrealized gain (loss) on investments	(4,932)	0	(4,932)	899	0	899
Gain on disposal of fixed assets	0	0	0	2,592	0	2,592
Other income	1,800	0	1,800	5,601	0	5,601
Total revenue	<u>377,588</u>	<u>0</u>	<u>377,588</u>	<u>332,873</u>	<u>0</u>	<u>332,873</u>
SUPPORT						
Grants	114,138	31,675	145,813	178,057	29,778	207,835
Contributions	26,036	2,157	28,193	72,688	0	72,688
Government grants	0	0	0	0	259,417	259,417
Total support	<u>140,174</u>	<u>33,832</u>	<u>174,006</u>	<u>250,745</u>	<u>289,195</u>	<u>539,940</u>
RECLASSIFICATIONS						
Net assets with donor restrictions released from restrictions	47,558	(47,558)	0	297,375	(297,375)	0
Total revenue, support and reclassifications	<u>565,320</u>	<u>(13,726)</u>	<u>551,594</u>	<u>880,993</u>	<u>(8,180)</u>	<u>872,813</u>
EXPENSES						
Program services - radio stations	312,575	0	312,575	347,488	0	347,488
Support services:						
Management and general	179,769	0	179,769	127,344	0	127,344
Fundraising	102,341	0	102,341	74,359	0	74,359
Total expenses	<u>594,685</u>	<u>0</u>	<u>594,685</u>	<u>549,191</u>	<u>0</u>	<u>549,191</u>
Changes in net assets	<u>(29,365)</u>	<u>(13,726)</u>	<u>(43,091)</u>	<u>331,802</u>	<u>(8,180)</u>	<u>323,622</u>
NET ASSETS - Beginning of fiscal year	<u>594,889</u>	<u>62,714</u>	<u>657,603</u>	<u>263,087</u>	<u>70,894</u>	<u>333,981</u>
NET ASSETS - End of fiscal year	<u>\$ 565,524</u>	<u>\$ 48,988</u>	<u>\$ 614,512</u>	<u>\$ 594,889</u>	<u>\$ 62,714</u>	<u>\$ 657,603</u>

See accompanying notes to the financial statements.

TILlicum FOUNDATION
ASTORIA, OREGON

STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES
for the Year Ended September 30, 2022

	Program Services	Support Services		Total Expenses
	Radio Stations	Management and General	Fundraising	
Salaries and wages	\$ 148,968	\$ 74,529	\$ 83,701	\$ 307,198
Payroll taxes	15,603	7,379	8,616	31,598
Employee benefits	12,254	6,003	6,752	25,009
Workers' compensation	726	356	400	1,482
Subtotal personnel costs	177,551	88,267	99,469	365,287
Cost of goods sold	3,000	0	450	3,450
Advertising and promotion	296	6,706	460	7,462
Board and Foundation	0	7,216	445	7,661
Dues and subscriptions	3,860	1,782	0	5,642
Gifts and hospitality	26	913	55	994
Interest	0	1	0	1
Insurance	0	7,363	0	7,363
Office	3,310	17,599	180	21,089
Other program costs	0	0	1,282	1,282
Programming	64,376	319	0	64,695
Professional services, accounting/audit	150	11,237	0	11,387
Professional services, legal	7,796	2,775	0	10,571
Professional services, other	6,917	4,297	0	11,214
Site rent and lease	10,701	0	0	10,701
Equipment rental	0	744	0	744
Repairs and maintenance	2,904	7,021	0	9,925
Small equipment	3,755	122	0	3,877
Taxes and licenses	0	393	0	393
Travel and training	754	1,060	0	1,814
Communications	3,702	9,182	0	12,884
Utilities	10,707	6,673	0	17,380
Miscellaneous	0	90	0	90
Total operating expenses	299,805	173,760	102,341	575,906
Depreciation	12,770	6,009	0	18,779
Total expenses	\$ 312,575	\$ 179,769	\$ 102,341	\$ 594,685
Percent of total expenses	53%	30%	17%	100%

See accompanying notes to the financial statements.

TILlicum FOUNDATION
ASTORIA, OREGON

STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES
for the Year Ended September 30, 2021

	Program Services	Support Services		Total
	Radio Stations	Management and General	Fundraising	Expenses
Salaries and wages	\$ 126,034	\$ 51,347	\$ 56,015	\$ 233,396
Payroll taxes	12,954	5,278	5,758	23,990
Employee benefits	10,800	4,400	4,800	20,000
Workers' compensation	352	144	157	653
Subtotal personnel costs	150,140	61,169	66,730	278,039
Cost of goods sold	0	0	312	312
Advertising and promotion	0	8,014	0	8,014
Board and Foundation	0	182	0	182
Dues and subscriptions	3,835	2,028	0	5,863
Gifts and hospitality	0	1,424	0	1,424
Interest	247	0	0	247
Insurance	3,690	3,690	0	7,380
Office	0	16,378	7,018	23,396
Other program costs	3,380	1,890	0	5,270
Programming	54,557	0	0	54,557
Professional services, accounting/audit	0	11,072	0	11,072
Professional services, legal	0	5,700	0	5,700
Professional services, other	20,802	3,948	300	25,050
Site rent and lease	10,191	0	0	10,191
Equipment rental	1,754	0	0	1,754
Repairs and maintenance	33,283	0	0	33,283
Small equipment	29,389	0	0	29,389
Taxes and licenses	614	417	0	1,031
Travel and training	528	248	0	776
Communications	12,468	0	0	12,468
Utilities	9,883	4,651	0	14,534
Miscellaneous	0	545	0	545
Total operating expenses	334,761	121,356	74,360	530,477
Depreciation	12,726	5,988	0	18,714
Total expenses	\$ 347,487	\$ 127,344	\$ 74,360	\$ 549,191
Percent of total expenses	63%	23%	14%	100%

See accompanying notes to the financial statements.

TILlicum FOUNDATION
ASTORIA, OREGON

STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,091)	\$ 323,622
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	18,779	18,714
Donated fixed assets	(15,000)	0
Unrealized (gains) losses on investments	4,932	(899)
Program obligation debt forgiveness	0	(23,489)
PPP loan forgiveness	0	(43,990)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,696)	5,041
Increase (decrease) in accounts payable	(11,564)	11,846
Increase (decrease) in accrued wages	0	(10,200)
Increase (decrease) in accrued payroll taxes	979	(112)
Increase (decrease) in deferred revenue	772	838
Restricted for long-term purposes:		
Endowment contributions	(1,157)	(19,768)
Endowment interest	(382)	(1)
Net cash from operating activities	<u>(47,428)</u>	<u>261,602</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments, net	456	(2,033)
Purchases of fixed assets	0	(59,265)
Proceeds on disposal of fixed assets	0	9,063
Net cash from investing activities	<u>456</u>	<u>(52,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Program obligation debt payments	0	(4,000)
Net cash from financing activities	<u>0</u>	<u>(4,000)</u>
Net change in cash and cash equivalents	(46,972)	205,367
CASH AND CASH EQUIVALENTS - Beginning of year	<u>428,783</u>	<u>223,416</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 381,811</u>	<u>\$ 428,783</u>

See accompanying notes to the financial statements.

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION

Nature of Operations

The Tillicum Foundation (TF), is a nonprofit corporation whose mission is to serve the Lower Columbia Pacific Region through commercial-free community radio programs and services that enrich life by illuminating the role of the arts, promoting cultural and educational growth, and bringing focus to current issues of local and regional public interest while providing a forum for diverse and underserved groups. TF owns and operates KMUN 91.9FM in Astoria, Oregon, KTCB 89.5FM in Tillamook, Oregon, and KCPB 90.9FM in Warrenton, Oregon, collectively known as Coast Community Radio. TF is the only non-commercial, local community radio stations serving the coastal areas of northwest Oregon and southwest Washington, and derives its revenue primarily through grants, contributions, membership dues, radio program underwriting and fundraising.

Description of Programs

Radio Program

TF is committed to using radio as an active resource for community development and public access seeking to involve and establish cooperative efforts among community groups including seniors, women, young people, and ethnic and cultural minorities. KMUN first signed on the air on April 17, 1983. KMUN broadcasts 5,000 watts of power at 91.9 MHz from its main transmitter on Megler Mountain in Chinook, WA, 250 watts at 89.3 MHz from translators located in Cannon Beach and 104.3 MHz in Wheeler, and 10 watts at 91.3 MHz from a translator serving south Astoria. KTCB came on the air in 2005 and broadcasts 400 watts of power at 89.5 MHz from Cape Meares serving Tillamook County, Oregon. KCPB began broadcasting on April 17, 2006 due to community requests for more national news and classical music programming. KCPB was expanded in 2010 to reach more of the coast and inland areas as well.

Management and General

Includes the functions necessary to maintain TF's support program; ensure an adequate working environment; provide coordination and articulation of TF's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the administration of TF; and manage the financial and budgetary responsibilities of TF.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and businesses.

Tax Status

TF has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. TF 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)(2). With few exceptions, TF is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before October 1, 2018.

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

TF prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP) for nonprofit entities. The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals in accordance with US GAAP.

Contributions

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor.

Net Assets

The financial statements report Net Assets and Changes in Net Assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions

Net assets without donor restrictions are resources available to support operations.

Net assets with donor restrictions

Net assets with donor restrictions are resources that are restricted by donors for use for specified purposes or in certain future periods. TF must continue to use the resources in accordance with the donors' instructions. When donors' restrictions are satisfied, either by using the resources in the manner specified by the donors or by the passage of time, the expiration of the restrictions are reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. TF's unspent contributions are included in this class if the donors limited their use. Activity for TF's restricted grants and contributions are detailed in Note 8.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of purchase.

Investments

Investments in stocks are carried at fair value in the statement of Financial Position. Investment income or loss (including gains and losses on investments, interest and dividends) are included in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law. Investment income or loss that is limited to specific uses by donor-imposed restrictions may be reported as increases or decreases in unrestricted net assets if the restrictions are met in the same reporting period as the income or loss is recognized. Investment income, including realized and unrealized gains from pooled investments, is allocated annually to various restricted or designated funds, when required.

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Endowment

TF's endowment consists of one individual fund established by resources set aside by the board of directors to function as an endowment (referred as board-designated endowment funds). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation 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, TF classifies as donor restricted net assets (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. In accordance with UPMIFA, TF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from investments and the appreciation of investments, (6) other resources of TF, and (7) the TF's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

TF has not yet adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. TF has not specified an annual rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

TF's spending policies have not been adopted.

Accounts Receivable

Accounts receivable consist of billings for underwriting radio programming. Receivables are reported at the amount anticipated to be collected at year end. The direct write-off method is utilized.

Fixed Assets

Purchases of fixed assets costing \$2,500 or more are capitalized. Donated fixed assets valued at \$2,500 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the fiscal year of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets that range from 3 to 7 years for equipment and software and 10 to 40 years for buildings and improvements.

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition – Contributions In-kind

TF sometimes receives contributions in a form other than cash. Donated supplies are recorded as contributions at the date of the gift and as expenses when the donated items are placed into service or distributed. If TF receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets TF's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair similar space for rent under similar conditions.

TF benefits from personal services provided by many volunteers. Those volunteers have donated regular amounts of time and services in TF's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. TF records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by ASC 958.

Expense Recognition and Allocation

The cost of providing TF's programs and other activities is summarized on a functional basis in the Statement of Functional Expenses.

- Expenses that can be identified with a specific program or support service are recorded under Program Services.
- Management and General Expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of TF.
- Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Salaries, wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Insurance, some supplies, and miscellaneous expenses that cannot be directly identified are allocated on a percentage basis for each program and supporting activity based on historical data.
- Occupancy costs such as utilities, depreciation, and interest are allocated based on the actual costs per square foot of the buildings and land in use.

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, TF's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. TF's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 381,811	\$ 428,783
Investment	2,851	3,470
Accounts receivable	4,923	3,227
Endowment	<u>20,567</u>	<u>23,797</u>
Total financial assets	<u>410,152</u>	<u>459,277</u>
Less restricted and designated		
Restricted cash	(28,421)	(38,917)
Designated cash	(133,408)	(137,435)
Endowment	<u>(20,567)</u>	<u>(23,797)</u>
Total restricted financial assets	<u>(182,396)</u>	<u>(200,149)</u>
Amount available for general expenditures within one year	<u>\$ 227,756</u>	<u>\$ 259,128</u>

The above table lists restricted cash as unavailable because the donors of these funds restricted them for specific purposes. TF has designated cash which may be redirected as the board of directors sees fit. Designated is \$120,616 as a reserve to draw on if needed for operations and \$12,792 for Health Reimbursement Arrangement (HRA) plan.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consisted of the following at September 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2022			
Deposits with financial institutions	\$ 349,183	\$ 28,421	\$ 377,604
Cash on hand	<u>4,207</u>	<u>0</u>	<u>4,207</u>
Total cash and cash equivalents	<u>\$ 353,390</u>	<u>\$ 28,421</u>	<u>\$ 381,811</u>

**TILlicum FOUNDATION
ASTORIA, OREGON**

Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2021			
Deposits with financial institutions	\$ 388,519	\$ 38,917	\$ 427,436
Cash on hand	1,347	0	1,347
Total cash and cash equivalents	<u>\$ 389,866</u>	<u>\$ 38,917</u>	<u>\$ 428,783</u>

TF's total deposits with financial institutions, excluding reconciling items, total \$376,271 and \$426,646 at September 30, 2022 and 2021, respectively. All deposits were covered by federal depository insurance (FDIC) at each fiscal year end.

Investments

Investments as of Sept 30:

	<u>2022</u>	<u>2021</u>	Fair Value Measurements
Board Designated			
Money market funds	\$ 20,567	\$ 23,797	Level 1
Mutual funds	<u>2,851</u>	<u>3,470</u>	Level 1
Total investments	<u>\$ 23,418</u>	<u>\$ 27,567</u>	

Cash in the money market is designated for long-term purposes, therefore reported separately from cash and cash equivalents.

Investments at September 30, 2022 include:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Equities	\$ 2,025	\$ 2,329	\$ 304
Money market funds	1,184	1,184	0
Mutual funds	<u>25,108</u>	<u>19,905</u>	<u>(5,203)</u>
Total investments	<u>\$ 28,317</u>	<u>\$ 23,418</u>	<u>\$ 4,899</u>

Investments at September 30, 2021 include:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Money market funds	\$ 23,768	\$ 23,797	\$ 29
Mutual funds	<u>2,563</u>	<u>3,470</u>	<u>907</u>
Total investments	<u>\$ 26,331</u>	<u>\$ 27,267</u>	<u>\$ 936</u>

Investments are valued using fair value measurement inputs (Level 1) at the reporting dates indicated above. The Level 1 input used for valuation, where indicated, consisted of quoted prices in active markets for identical assets. TF does not have an investment policy at this time.

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Notes to the Financial Statements
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NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Investment income for the year ended September 30, 2022 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest	\$ 38	\$ 382	\$ 420
Net unrealized gains/(losses)	<u>(163)</u>	<u>(4,769)</u>	<u>(4,932)</u>
Total investment income	<u>\$ (125)</u>	<u>\$ (4,387)</u>	<u>\$ (4,512)</u>

Investment income for the year ended September 30, 2021 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net unrealized gains/(losses)	\$ 935	\$ 1	\$ 936
Total investment income	<u>\$ 935</u>	<u>\$ 1</u>	<u>\$ 936</u>

TF's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets should mitigate the impact of changes in any one class.

NOTE 5 – CONCENTRATIONS

Concentration of types of support and revenues are as follows:

	<u>2022</u>	<u>% of Total</u>	<u>2021</u>	<u>% of Total</u>
Membership	\$ 265,614	48.15%	\$ 233,720	26.78%
Underwriting/advertising	99,090	17.96%	73,574	8.42%
Sales and rentals	15,558	2.82%	16,438	1.88%
Grants	145,813	26.43%	467,252	53.53%
Contributions	28,193	5.11%	72,688	8.35%
Other revenue	<u>(2,674)</u>	<u>-0.47%</u>	<u>9,141</u>	<u>1.04%</u>
Total support and revenues	<u>\$ 551,594</u>	<u>100.00%</u>	<u>\$ 872,813</u>	<u>100.00%</u>

NOTE 6 – FIXED ASSETS

The components of fixed assets consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 35,044	\$ 35,044
Building	213,823	198,823
Equipment	611,494	611,494
Software	<u>5,466</u>	<u>5,466</u>
Fixed assets at cost	<u>865,827</u>	<u>850,827</u>
Less: Accumulated depreciation	<u>(641,295)</u>	<u>(622,516)</u>
Net fixed assets	<u>\$ 224,532</u>	<u>\$ 228,311</u>

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NOTE 7 – ENDOWMENT

Changes in endowment net assets for the fiscal years ended September 30, 2022 and 2021:

2022 Endowment	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 0	\$ 23,797	\$ 23,797
Investment return, net	0	(4,387)	(4,387)
Contributions	<u>0</u>	<u>1,157</u>	<u>1,157</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 20,567</u>	<u>\$ 20,567</u>
2021 Endowment	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,028	\$ 0	\$ 4,028
Investment return, net	0	0	0
Contributions	0	19,769	19,769
Transfer of endowment asset	<u>(4,028)</u>	<u>4,028</u>	<u>0</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 23,797</u>	<u>\$ 23,797</u>

As of September 30, 2022 and 2021 endowment net asset composition was as follows:

	<u>2022</u>	<u>2021</u>
Donor-restricted		
Original gift and amounts required to be maintained in perpetuity	\$ 24,953	\$ 23,796
Accumulated investment gains/(losses)	<u>(4,386)</u>	<u>1</u>
Endowment net assets, end of year	<u>\$ 20,567</u>	<u>\$ 23,797</u>

NOTE 8 - NET ASSETS

WITHOUT DONOR RESTRICTIONS - DESIGNATED

The Board of Directors designated \$4,000 to begin an endowment fund for the year ended September 30, 2020. The endowment totaled \$4,028 by the end of September 30, 2020. An additional contribution was made by the Board in the prior year, resulting in the balance of \$23,797. This balance represents a donation in 2013 and the Board moved to follow the original intent of the donor to be permanently restricted. The transfer to restricted is reflected in the prior year's statements.

**TILlicUM FOUNDATION
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Notes to the Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 8 - NET ASSETS - Continued

WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors for certain purposes as follows at September 30, 2022 and 2021:

Restriction	<u>2022</u>	<u>2021</u>
Radio for Good capital campaign	\$ 0	\$ 12,158
Fisher Poets Gathering	22,421	20,759
CCHS Grant	6,000	6,000
Endowment	<u>20,567</u>	<u>23,797</u>
Total net assets with donor restrictions	<u>\$ 48,988</u>	<u>\$ 62,714</u>

NOTE 9 - OPERATING LEASES

TF entered into a Tower Site Lease Agreement to lease facilities to Educational Media Foundation on July 1, 2018. The lease has an initial term of five years commencing on July 1, 2018, and automatically renews for three additional five-year terms; thereafter the lease will continue as a month-to-month tenancy. Rent is due monthly starting at \$300, and increases three percent (3%) each year during the term of the lease. In addition, the lessee pays \$250 per month to reimburse the cost of utilities. Total lease payments received in fiscal years 2022 and 2021 for rent and utilities were \$6,973 and \$6,867, respectively. Future minimum lease payments for rent only are as follows:

<u>FY</u>	<u>Amount</u>
2023	\$ 4,082
2024	4,205
2025	4,331
2026	4,461
2027	4,595
2028-2032	25,124
2033-2037	29,127
2038	<u>4,734</u>
Total	<u>\$ 80,659</u>

TF also has an agreement to lease space on their backup antenna tower at Megler Mountain to Oregon Public Broadcasting. The initial term of the lease was five years from January 20, 2016 to January 19, 2021, and was renewed for an additional five years through January 19, 2026. Rent is due annually on January 20, and increases 3% each year. Total lease payments received in fiscal years 2022 and 2021 were \$6,586 and \$6,394, respectively. Future minimum lease payments are as follows:

<u>FY</u>	<u>Amount</u>
2023	\$ 6,784
2024	6,987
2025	<u>7,197</u>
Total	<u>\$ 20,968</u>

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NOTE 9 - OPERATING LEASES - Continued

TF leases tower space under an agreement with SBA GC Towers LLC that renews annually. Rent is due quarterly and increases 5% each calendar year; the annual amount may also be adjusted for any increases in property taxes on the site. Total lease payments for the years ended September 30, 2022 and 2021 were \$10,701 and \$10,191, respectively.

NOTE 10 - SPECIAL EVENTS

TF held one special fundraising event in fiscal 2022, a concert featuring John Gorka. Proceeds from the event were \$1,975, and related expenses were \$1,553, resulting in net income for the event of \$422. TF held no special events in 2021 due to COVID restrictions.

NOTE 11 - SALES AND COST OF SALES

TF receives clothing and other items donated by various entities or individuals for resale. Gross sales of this merchandise totaled \$1,879 and \$113 for the years ended September 30, 2022 and 2021, respectively.

Donated merchandise is typically immaterial and was not recorded as contributions in-kind and inventory during these fiscal years. Management will reevaluate its policies regarding contributions in-kind and inventory if sales and donated merchandise continue to increase.

NOTE 12 - CONCENTRATIONS OF RISK

The majority of TF's contributions and grants are received from individuals, foundations, and businesses located in the greater Astoria metropolitan area. As such, TF's ability to generate resources via contributions and grants is dependent upon the economic health of that area and the counties of Clatsop and Tillamook. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for TF's services.

Amounts received or receivable from grantor agencies could be subject to audit and adjustments by grantor agencies. Any disallowed costs, including amounts already collected, may constitute a liability of TF. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time.

For the years ended September 30, 2022 and 2021, grants from the Corporation for Public Broadcasting were approximately 26% and 15%, respectively, of TF's total revenues.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2023, the date on which the financial statements were available to be issued.