

**EVERGREEN SOCIAL IMPACT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**



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**EVERGREEN SOCIAL IMPACT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
Evergreen Social Impact
Bothell, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Evergreen Social Impact (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evergreen Social Impact as of June 30, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Evergreen Social Impact and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 Evergreen Social Impact'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 Evergreen Social Impact'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.



CliftonLarsonAllen LLP

Bellevue, Washington
November 30, 2022

**EVERGREEN SOCIAL IMPACT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Cash and Cash Equivalents	\$ 580,800
Accounts and Contracts Receivable	117,287
Prepaid Expenses	20,039
Investments	<u>18,571,804</u>
Total Assets	<u><u>\$ 19,289,930</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 4,550
Accrued Expenses	104,470
Deferred Contract Revenue	269,000
Funds Held for Others	<u>18,571,804</u>
Total Liabilities	\$ 18,949,824

NET ASSETS

Without Donor Restrictions:	
Undesignated	<u>340,106</u>
Total Liabilities and Net Assets	<u><u>\$ 19,289,930</u></u>

See accompanying Notes to Financial Statements.

**EVERGREEN SOCIAL IMPACT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contract Revenue	\$ 2,060,518	\$ -	\$ 2,060,518
Contributions and Other	1,098	-	1,098
Total Public Support and Revenue	<u>2,061,616</u>	<u>-</u>	<u>2,061,616</u>
EXPENSES			
Program Services	1,424,129	-	1,424,129
Management and General	297,381	-	297,381
Total Expenses	<u>1,721,510</u>	<u>-</u>	<u>1,721,510</u>
CHANGE IN NET ASSETS	340,106	-	340,106
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u><u>\$ 340,106</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 340,106</u></u>

See accompanying Notes to Financial Statements.

**EVERGREEN SOCIAL IMPACT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Wages	\$ 488,561	\$ 164,814	\$ 653,375
Payroll Taxes	42,431	13,734	56,165
Benefits	<u>103,566</u>	<u>26,508</u>	<u>130,074</u>
Total Payroll Expenses	634,558	205,056	839,614
Professional Fees	656,318	53,858	710,176
Information Technology	71,018	15,973	86,991
Dues, Subscriptions, and Fees	5,614	3,061	8,675
Telephone and Internet	4,164	936	5,100
Meals and Travel	6,339	86	6,425
Staff Development	3,889	2,233	6,122
Supplies	159	36	195
Contributions	250	-	250
Insurance	9,030	5,185	14,215
Equipment and Furniture	9,226	857	10,083
Rent	1,520	141	1,661
Taxes and Licenses	18,611	8,407	27,018
Printing and Copying	401	90	491
Postage and Delivery	795	179	974
Miscellaneous	<u>2,236</u>	<u>1,284</u>	<u>3,520</u>
Total Expenses	<u>1,424,129</u>	<u>297,381</u>	<u>1,721,510</u>
 Total Expenses	 <u>\$ 1,424,129</u>	 <u>\$ 297,381</u>	 <u>\$ 1,721,510</u>

See accompanying Notes to Financial Statements.

**EVERGREEN SOCIAL IMPACT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 340,106
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts and Contracts Receivable	(117,287)
Prepaid Expenses	(20,039)
Increase (Decrease) in Liabilities:	
Accounts Payable	4,550
Accrued Expenses	104,470
Deferred Contract Revenue	269,000
Funds Held for Others	<u>18,571,804</u>
Net Cash Provided by Operating Activities	<u>19,152,604</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	<u>(18,571,804)</u>
Net Cash Used by Investing Activities	<u>(18,571,804)</u>

INCREASE IN CASH AND CASH EQUIVALENTS

580,800

Cash and Cash Equivalents - Beginning of Year

-

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 580,800

See accompanying Notes to Financial Statements.

**EVERGREEN SOCIAL IMPACT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of Evergreen Social Impact (the Organization) or (ESI), a Washington State nonprofit is to strengthen mission-driven organizations and achieve enduring impact in the Pacific Northwest by developing shared infrastructure and expertise, building a culture of partnership, and advancing equity.

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance U.S. GAAP.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor imposed restrictions at June 30, 2022.

Recognition of Donor Restrictions

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donor assets. When a donor restriction expires as a result of a stipulated time restriction ending or a purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

**EVERGREEN SOCIAL IMPACT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Contracts Receivable

The Organization carries its accounts and contracts receivable at the estimated net realizable value less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts and contracts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of write-offs and collections, and current credit conditions. No allowance was considered necessary at June 30, 2022.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on salaries and time and effort.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Tax Exemption

Evergreen Social Impact has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation. The Organization's tax filings are subject to audit by various taxing authorities and are open to examination for the three previous years.

Contract Revenue

Contract revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their clients. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied at a point in time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligation. As such, revenue is recognized as the service is rendered.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**EVERGREEN SOCIAL IMPACT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through November 30, 2022, which is the date the financial statements were available to be issued.

NOTE 2 ACCOUNTS AND CONTRACT RECEIVABLES

Accounts and contracts receivable consisted of the following at June 30, 2022:

WA Department of Commerce	\$ 113,470
Legal Counsel for Youth and Children	1,656
Other	2,161
Total	<u>\$ 117,287</u>

NOTE 3 FAIR VALUE MEASUREMENTS

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

Level 3 – Inputs that are not observable that reflect management’s assumptions and estimate. These inputs related to the timing and the amount of distributions.

The following tables summarize the valuation of the Organization’s financial investments and interests under the fair value hierarchy at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 7,271,653	\$ -	\$ -	\$ 7,271,653
Fixed Income Funds	11,300,151	-	-	11,300,151
Total Investments at Fair Value	<u>\$ 18,571,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,571,804</u>

**EVERGREEN SOCIAL IMPACT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 FUNDS HELD FOR OTHERS

As part of ESI's mission, certain funds are held in trust under the management of ESI, but under the direction and control of sponsored programs.

At June 30, 2022, ESI had a significant contract with the Washington Department of Commerce. Under the provision of the contract, ESI is the Program Administer of the Andy Hill Cancer Research Endowment. Relevant history of this contract is included below.

On July 1, 2021, ESI entered into a contract with the Latino Community Fund (LCF) to act as Program Administrator for the Andy Hill Cancer Research Endowment Fund (CARE Fund). The Latino Community Fund entered into a contract with the Washington Department of Commerce as Program Administrator effective July 1, 2021, and, with Commerce approval, subcontracted the Program Administrator role to Evergreen Social Impact.

At the time these contracts were executed, Evergreen Social Impact received \$12,863,203 in funds from the CARE Fund's former Program Administrator. This included \$12,266,397 in grantmaking funds and \$596,806 in operating funds that were held by the former Program Administrator on behalf of the CARE Fund.

The Department of Commerce/LCF contract was subsequently assigned to Evergreen Social Impact effective February 1, 2022. The CARE Fund is a legislatively created and funded effort by Washington State, under Chapter 43.348 of the Revised Code of Washington (RCW), to achieve sustainable investment in cancer research, prevention, and care. The fund itself, including the solicitation and selection of proposals and the funding of grants, is overseen by a Governor-appointed Board of Directors that is separate and apart from the Evergreen Social Impact Board of Directors.

As the Program Administrator, Evergreen Social Impact is the employer of record of the CARE Fund staff; provides accounting, human resources and operations support to the CARE Fund staff for its program operations; and assists the CARE Fund management and Board of Directors in managing and accounting for the fund and its investments and in distributing grant funds pursuant to, and ensuring compliance with, grant agreements.

Pursuant the Program Administrator contract, Evergreen Social Impact recorded revenue of \$1,463,712 and expenses of \$1,717,010 for the year ended June 30, 2022.

CARE Fund grantmaking funds are held in investment accounts in the CARE Fund's name. Pursuant to the contract, these funds are not considered as belonging to Evergreen Social Impact or over which Evergreen Social Impact has discretion. Consequently, these funds are reported in the statement of financial position as a liability for funds held for others.

**EVERGREEN SOCIAL IMPACT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 FUNDS HELD FOR OTHERS (CONTINUED)

The following is a summary of the activity of the grantmaking funds for the year ended June 30, 2022:

Transferred from Former Program Administrator	\$ 12,266,397
Received from the State of Washington	8,473,934
Interest and Dividends	70,366
Unrealized Gains	63,403
Payments to Grantees	(1,735,790)
Investment Fees	(2,514)
Unrealized Losses	(563,939)
Realized Losses	(53)
Total Funds Held for Others	<u><u>\$ 18,571,804</u></u>

The CARE Fund statute (RCW 43.348.060[1][c]) states that the Program Administrator must provide services to the Board and the duties and responsibilities include that it will “Manage the fund, its obligations, and investments as to achieve the maximum possible rate of return on investment in the fund.”

CARE Fund grantmaking funds are held in a combination of money market, short-term bond funds, and intermediate-term bond funds, pursuant to the Investment Policy Statement adopted by the CARE Fund Board of Directors in September 2021.

Grant payments were distributed as follows for the year ended June 30, 2022:

Institute for Systems Biology	\$ 1,265,838
University of Washington	419,952
Bloodworks Northwest	50,000
Total	<u><u>\$ 1,735,790</u></u>

NOTE 5 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 580,800
Accounts and Contracts Receivable	117,287
Total	<u><u>\$ 698,087</u></u>



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