

MEDIC ONE FOUNDATION

Financial Statements
December 31, 2020 and 2019

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Matt Smith, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Medic One Foundation
Bellevue, Washington

We have audited the accompanying financial statements of Medic One Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medic One Foundation as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Medic One Foundation as of December 31, 2020, were audited by other auditors whose report dated June 29, 2020, expressed an unmodified opinion on those statements.

Greenwood Ohlund

Seattle, Washington
June 25, 2021

MEDIC ONE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 613,776	\$ 379,198
Investments	4,059,235	3,330,867
Contributions and bequests receivable	371,990	309,000
Prepaid expenses and other assets	36,773	26,301
Total current assets	5,081,774	4,045,366
Endowment Investments	1,432,460	1,211,332
Beneficial Interest in Assets Held by The Seattle Foundation	74,583	68,679
Total assets	<u>\$ 6,588,817</u>	<u>\$ 5,325,377</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 37,754	\$ 52,377
Grants payable	37,767	102,623
Accrued wages and benefits	142,106	58,800
Total current liabilities	217,627	213,800
Net Assets		
Without donor restrictions	3,927,005	2,904,300
With donor restrictions	2,444,185	2,207,277
Total net assets	6,371,190	5,111,577
Total liabilities and net assets	<u>\$ 6,588,817</u>	<u>\$ 5,325,377</u>

See accompanying notes to financial statements.

MEDIC ONE FOUNDATION

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 1,804,045	\$ 84,353	\$ 1,888,398	\$ 1,350,559	\$ 122,970	\$ 1,473,529
Bequests	934,689	95,186	1,029,875	566,752	-	566,752
In-kind revenue	31,181	-	31,181	-	-	-
Special events revenue	-	-	-	479,381	-	479,381
Special events - direct benefit to donors	-	-	-	(98,438)	-	(98,438)
Investment return	404,603	221,128	625,731	194,400	171,075	365,475
Net assets released from restrictions	163,759	(163,759)	-	123,896	(123,896)	-
Total public support and revenue	3,338,277	236,908	3,575,185	2,616,550	170,149	2,786,699
Expenses						
Program expenses						
Paramedic training and continuing education	815,023	-	815,023	904,244	-	904,244
Community outreach	365,464	-	365,464	365,952	-	365,952
EMS research	85,234	-	85,234	184,662	-	184,662
Community CPR	98,036	-	98,036	80,809	-	80,809
EMS Equipment	62,385	-	62,385	41,490	-	41,490
PulsePoint	13,000	-	13,000	13,000	-	13,000
Other programs	89,307	-	89,307	39,265	-	39,265
Total program expenses	1,528,449	-	1,528,449	1,629,422	-	1,629,422
Management and general	346,113	-	346,113	326,463	-	326,463
Fundraising	441,010	-	441,010	523,539	-	523,539
Total expenses	2,315,572	-	2,315,572	2,479,424	-	2,479,424
Change in net assets	1,022,705	236,908	1,259,613	137,126	170,149	307,275
Net Assets, beginning of year	2,904,300	2,207,277	5,111,577	2,767,174	2,037,128	4,804,302
Net Assets, end of year	\$ 3,927,005	\$ 2,444,185	\$ 6,371,190	\$ 2,904,300	\$ 2,207,277	\$ 5,111,577

See accompanying notes to financial statements.

MEDIC ONE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2020

	Program Services							Total Program Services	Management and General	Fundraising	Total
	Paramedic Training and Continuing Education	Community Outreach	EMS Research	Community CPR	EMS Equipment	PulsePoint	Other Programs				
Grants and allocations	\$ 807,756	\$ -	\$ 85,015	\$ 10,000	\$ 62,385	\$ 13,000	\$ -	\$ 978,156	\$ -	\$ -	\$ 978,156
Salaries and wages	-	177,194	-	52,053	-	-	34,127	263,374	128,006	161,262	552,642
Benefits and payroll taxes	-	65,467	-	14,835	-	-	13,956	94,258	40,282	54,964	189,504
Professional fees	-	53,182	-	300	-	-	7,259	60,741	35,094	53,892	149,727
Printing and publications	900	9,306	-	4,831	-	-	4,831	19,868	5,230	78,053	103,151
Marketing	1,304	37,383	-	4,770	-	-	-	43,457	203	47,527	91,187
Occupancy	-	11,751	-	3,916	-	-	3,916	19,583	35,430	3,277	58,290
Equipment rental and maintenance	-	1,760	-	-	-	-	-	1,760	36,738	4,924	43,422
Purchased services	-	-	-	-	-	-	-	-	39,691	395	40,086
Postage	1,137	1,656	219	-	-	-	119	3,131	5,787	28,738	37,656
Conferences and meetings	-	2,976	-	-	-	-	23,191	26,167	3,418	1,249	30,834
Supplies	-	519	-	2,582	-	-	-	3,101	7,236	446	10,783
Telephone	-	1,254	-	1,727	-	-	-	2,981	4,017	1,268	8,266
Travel	2,096	1,239	-	26	-	-	-	3,361	96	139	3,596
Bad debt expense	-	-	-	-	-	-	-	-	-	2,500	2,500
Miscellaneous	1,830	1,777	-	2,996	-	-	1,908	8,511	4,885	2,376	15,772
Total expenses	815,023	365,464	85,234	98,036	62,385	13,000	89,307	1,528,449	346,113	441,010	2,315,572
Less: Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 815,023</u>	<u>\$ 365,464</u>	<u>\$ 85,234</u>	<u>\$ 98,036</u>	<u>\$ 62,385</u>	<u>\$ 13,000</u>	<u>\$ 89,307</u>	<u>\$ 1,528,449</u>	<u>\$ 346,113</u>	<u>\$ 441,010</u>	<u>\$ 2,315,572</u>

See accompanying notes to financial statements.

MEDIC ONE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2019

	Program Expenses										
	Paramedic Training and Continuing Education	Community Outreach	EMS Research	Community CPR	EMS Equipment	PulsePoint	Other Programs	Total Programs	Management and General	Fundraising	Total
Grants and allocations	\$ 897,675	\$ -	\$ 184,308	\$ -	\$ 41,470	\$ 13,000	\$ 7,000	\$ 1,143,453	\$ -	\$ -	\$ 1,143,453
Salaries and wages	-	145,729	-	58,000	-	-	10,000	213,729	119,098	191,892	524,719
Benefits and payroll taxes	-	65,040	-	3,781	-	-	3,457	72,278	42,847	69,545	184,670
Professional fees	500	56,044	-	1,387	-	-	-	57,931	43,844	120,809	222,584
Printing and publications	1,015	7,436	-	763	-	-	600	9,814	4,093	46,931	60,838
Marketing	438	41,395	-	-	-	-	4,396	46,229	573	42,669	89,471
Occupancy	-	8,459	-	8,459	-	-	1,880	18,798	37,555	-	56,353
Equipment rental and maintenance	-	1,700	-	1,603	-	-	-	3,303	26,943	6,836	37,082
Event catering	-	21,572	-	-	-	-	7,756	29,328	-	46,089	75,417
Event facility costs	-	6,541	-	453	-	-	-	6,994	563	35,193	42,750
Purchased services	-	-	-	-	-	-	-	-	27,251	9,126	36,377
Postage	200	2,681	-	289	-	-	239	3,409	5,645	26,549	35,603
Conferences and meetings	735	2,280	306	-	-	-	2,265	5,586	3,053	2,089	10,728
Supplies	42	836	-	3,088	-	-	100	4,066	6,057	3,472	13,595
Telephone	-	1,289	-	1,250	-	-	-	2,539	4,439	-	6,978
Travel	2,100	1,200	48	135	20	-	17	3,520	180	2,075	5,775
Bad debt expense	-	-	-	-	-	-	-	-	800	-	800
Miscellaneous	1,539	3,750	-	1,601	-	-	1,555	8,445	3,522	18,702	30,669
Total expenses	904,244	365,952	184,662	80,809	41,490	13,000	39,265	1,629,422	326,463	621,977	2,577,862
Less: Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	(98,438)	(98,438)
	\$ 904,244	\$ 365,952	\$ 184,662	\$ 80,809	\$ 41,490	\$ 13,000	\$ 39,265	\$ 1,629,422	\$ 326,463	\$ 523,539	\$ 2,479,424

See accompanying notes to financial statements.

MEDIC ONE FOUNDATION

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,259,613	\$ 307,275
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Realized and unrealized gain on investments	(549,675)	(269,940)
Change in value of beneficial interests in assets held by The Seattle Foundation	(5,904)	(8,003)
Bad debts	2,500	800
Changes in operating assets and liabilities:		
Contributions and bequests receivable	(65,490)	(173,734)
Prepaid expenses and other assets	(10,472)	(4,215)
Accounts payable	(14,623)	29,357
Grants payable	(64,856)	38,059
Accrued wages and benefits	83,306	20,000
	634,399	(60,401)
Net cash flows from operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(849,821)	(1,194,363)
Sales of investments	450,000	753,030
	(399,821)	(441,333)
Net cash flows from investing activities		
Net change in cash and cash equivalents	234,578	(501,734)
Cash and Cash Equivalents, beginning of the year	379,198	880,932
Cash and Cash Equivalents, end of the year	\$ 613,776	\$ 379,198

See accompanying notes to financial statements.

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The Medic One Foundation (the Foundation) is located in Bellevue and is an independent not-for-profit corporation. The mission of the Foundation is to save lives by improving pre-hospital emergency care, and the Foundation has been doing it successfully for more than 45 years. Contributions to the Foundation provide the necessary resources to train paramedics to the highest level possible, research new methods of treatment that may save more lives, and purchase emergency medical equipment for use by first responders.

Charitable contributions to the Foundation are the sole source of support for the world-renowned Michael K. Copass Paramedic Training Program. Through private support, the Foundation can ensure that the region's paramedics, who are among the best in the world, receive an exceptional education that far exceeds national standards.

Beyond training today's life-saving paramedics, the Foundation funds the research and development of tomorrow's lifesaving ideas to improve care and prevent sudden cardiac arrest. These ideas become Medic One lifesaving treatments, from its early advances in response time to its role in bringing CPR training to our region's residents.

Each year, the Foundation identifies communities and fire departments where assistance is needed to purchase critical patient care and training equipment that will improve the quality of care and help save more lives.

The Foundation's support of a world-class paramedic training program, together with innovative research in new methods of patient care, is one of the primary reasons why Medic One paramedics achieve a survival rate for cardiac arrest that is two to three times greater than other communities.

The Foundation values community involvement and encourages citizens to learn CPR. Through our community outreach program, the Foundation provides certified adult, child, and infant CPR/AED, and First Aid training, as well as hand-only CPR. This program provides the lifesaving skills and knowledge necessary when responding to a sudden cardiac arrest.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Public support and revenue are recorded depending on the existence and/or nature of any donor restrictions.

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash includes cash in bank accounts and money market funds (other than money market funds classified with investments). Occasionally, cash and cash equivalents may exceed federally insured limits.

Fair Value Measurements

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

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Foundation reports its investments and its beneficial interest in assets held by The Seattle Foundation at fair value.

Charitable Gift Annuity

In 2010, the Foundation entered into a charitable gift annuity agreement with a donor. Under the terms of this agreement, the donor contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount to the donor for the donor's lifetime.

The assets, composed of cash and cash equivalents, held for the charitable gift annuity are \$21,250 and \$21,220 at December 31, 2020 and 2019, respectively, and are reported within investments on the statements of financial position. The corresponding liability of \$2,102 and \$3,292 at December 31, 2020 and 2019, respectively, for the expected annuity payments is reported at the estimated present value of future cash outflows based on appropriate discount rates and mortality tables. The liability is included within accounts payable on the statements of financial position.

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Investments

Investments are reported at their fair value using quoted prices in an active market (Level 1 inputs such as quoted prices on national exchanges) in the statements of financial position and consist of the following at December 31:

	2020	2019
Money market funds	\$ 1,506,780	\$ 1,683,957
Corporate bonds	640,691	903,188
Equity securities - domestic common stocks	1,831,505	1,099,027
Mutual funds - short-term bond	960,860	400,410
Balanced funds	18,618	20,420
Mutual funds - equities:		
Small growth funds	118,237	92,612
Large growth funds	258,697	129,350
Diversified emerging markets	58,748	29,409
Small blend funds	-	44,990
Large blend funds	-	65,981
Foreign large growth funds	73,472	38,921
Foreign large blend funds	16,146	33,934
Real estate	7,941	-
	<u>\$ 5,491,695</u>	<u>\$ 4,542,199</u>

Investments are reported in the statements of financial position as follows at December 31:

	2020	2019
Investments - current	\$ 4,059,235	\$ 3,330,867
Endowment investments	1,432,460	1,211,332
	<u>\$ 5,491,695</u>	<u>\$ 4,542,199</u>

Investment returns consist of the following for the years ended December 31:

	2020	2019
Interest and dividends, net of fees	\$ 70,152	\$ 87,532
Realized and unrealized gains	549,675	269,940
Change in value of beneficial interest in assets held by The Seattle Foundation	5,904	8,003
	<u>\$ 625,731</u>	<u>\$ 365,475</u>

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Contributions and Bequests Receivable

Contributions and bequests receivable are primarily from individuals, businesses, and estates located in the Puget Sound region. Contributions and bequests receivable are expected to be collected within one year and are recorded at the net realizable value. Management periodically reviews receivables and establishes an allowance for accounts that may not be collectible. Any amounts written off are charged against the allowance. Management has determined that no allowance was necessary at December 31, 2020 or 2019.

One bequest receivable represents 79% of total contributions and bequests receivable at December 31, 2020. One contribution receivable represents 41% of total contributions and bequests receivable at December 31, 2019.

Grants Payable

Grant awards, although not legally binding, are reported as an expense and liability when the unconditional award is made. Grants payable represents payments to be made on education, research, and equipment grant awards.

Contribution and Bequest Revenue

Contribution revenues are recognized when the pledge is made and all conditions have been met. Bequests are recognized when the Foundation is notified by the executor as to the amount to be received and the estate has cleared probate.

One bequest represented 11% of total public support and revenue for 2019. There were no concentrations of total public support and revenue for 2020.

In-Kind Contributions

A number of volunteers have donated time to the Foundation's programs and fundraising activities. The services of those volunteers are not recorded in the accompanying financial statements, as they do not meet the criteria for recognition.

Special Event Revenue Recognition

Special event revenues are recognized at the time the event occurs. Special event payments received prior to the occurrence of the meeting or event are recognized as unearned contribution revenue. There were no special events held in 2020.

Net Assets with and without Donor Restrictions

Net assets without donor restrictions are available for support of the Foundation's operations. Certain net assets without donor restrictions are designated by the Board of Directors to support long-term purposes (a quasi-endowment, see Note 3).

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions that are temporary in nature are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met. Contributions and investment gains are reported as without donor restrictions if donor restrictions are met in the year the contribution or the investment gain is earned.

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Net assets with purpose restrictions		
Paramedic training:		
General	\$ 69,105	\$ 55,615
Michael K. Copass, MD Fund for Paramedic Training	173,742	173,742
Paramedic training room equipment	9,529	9,000
Class 47 supplies	550	-
Emergency Equipment Fund:		
General	3,081	5,727
CPR equipment	17,035	18,721
W. Hunter Simpson Fund	517,447	517,147
EMS Research	-	37,625
Redmond Fire ALS Fund	195,000	102,720
Leonard A. Cobb, MD Fund	48,368	45,868
Chief Jack N. Richards Memorial Fund	29,780	29,780
Gratitude Meals Program	5,694	
Total purpose restrictions	1,069,331	995,945
Net assets with endowment restrictions		
Perpetual endowment restrictions:		
Natcher & Clementine Casey Paramedic Scholarship Endowment Fund	299,333	299,333
Natcher & Clementine Casey Equipment Endowment Fund	299,333	299,333
Mary N. Stowe Endowment Fund for Paramedic Training	316,353	303,661
Medic One Foundation General Endowment Fund	169,058	169,058
Total perpetual endowment restrictions	1,084,077	1,071,385
Unappropriated endowment earnings:		
Natcher & Clementine Casey Paramedic Scholarship Endowment Fund	96,479	40,460
Natcher & Clementine Casey Equipment Endowment Fund	98,710	42,771
Mary N. Stowe Endowment Fund for Paramedic Training	69,815	35,138
Medic One Foundation General Endowment Fund	25,773	21,578
Total unappropriated endowment earnings	290,777	139,947
	\$ 2,444,185	\$ 2,207,277

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

The Michael K. Copass, MD Fund is restricted to establish an endowment fund at the University of Washington to benefit the Paramedic Training Program at Harborview Medical Center. The W. Hunter Simpson Fund is restricted to benefit research and development in pre-hospital emergency care. The Leonard A. Cobb, MD Fund is restricted to benefit medical oversight and research. The Chief Jack N. Richards Memorial Fund is restricted to give awards to outstanding paramedics.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Occupancy is allocated based on estimates of the square footage of space supporting those functions. Personnel expenses, professional fees, printing and publications, marketing, marketing, and other are allocated based on estimates of time and effort.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

Subsequent Events

The Foundation has evaluated subsequent events through the date these financial statements were available to be issued, which was June 25, 2021.

MEDIC ONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

The Foundation strives to maintain liquid financial assets and reserves sufficient to cover at least 60 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and marketable securities with original maturities of less than one year. Financial assets not available include investments held for endowments, a gift annuity, and net assets with donor restrictions for specific purposes.

The following table reflects the Foundation's financial assets as of December 31, 2020 and 2019, available to meet general expenditures within one year of the financial position date:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 613,776	\$ 379,198
Investments	5,491,695	4,542,199
Contributions and bequests receivable	371,990	309,000
	<u>6,477,461</u>	<u>5,230,397</u>
Less: Amounts Not Available to be Used Within One Year		
Endowment investments	(1,432,460)	(1,211,332)
Net assets with purpose restrictions	(1,069,331)	(995,945)
	<u>\$ 3,975,670</u>	<u>\$ 3,023,120</u>

Note 3 – Endowment

The Foundation's endowment consists of four individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Washington 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, the Foundation classifies as net assets with perpetual endowment restrictions as (a) the original value of gifts donated to the endowment, plus (b) the original value of subsequent gifts to the endowment. In addition, under the terms of the endowment agreement, 20% of the total earnings (if any) from the Mary N. Stowe Endowment Fund for Paramedic Training are classified as endowment net assets with perpetual restrictions. The remaining portion of the donor-restricted endowment earnings are classified as unappropriated endowment earnings until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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NOTES TO FINANCIAL STATEMENTS

In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Time and Purpose Donor Restrictions	With Perpetual Donor Restrictions	Total
Endowment net assets, December 31, 2018	\$ -	\$ -	\$ 1,040,257	\$ 1,040,257
Interest and dividends	-	20,418	4,542	24,960
Realized and unrealized gains	-	119,529	26,586	146,115
Endowment net assets, December 31, 2019	-	139,947	1,071,385	1,211,332
Interest and dividends	-	23,591	1,436	25,027
Realized and unrealized gains	-	184,845	11,256	196,101
Appropriations for expenditure	57,606	(57,606)	-	-
Endowment net assets, December 31, 2020	<u>\$ 57,606</u>	<u>\$ 290,777</u>	<u>\$ 1,084,077</u>	<u>\$ 1,432,460</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as quasi-endowment funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce returns comparable to the Standard & Poor's 500 and U.S. Treasury Intermediate Lehman Brothers Index while assuming a prudent level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Foundation has a policy of appropriating approximately 4% (depending on the needs of the Foundation, this appropriation may be higher or lower) of the endowment net assets, based on a three-year rolling average. In establishing this policy, the Foundation considered the long-term expected return on its endowment as the objective is 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.

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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no endowment funds with deficiencies at December 31, 2020 or 2019.

Note 4 – Related Party Transactions

The Board of Directors of the Foundation includes representation from the University of Washington School of Medicine, Harborview Medical Center, King County EMS, and the Seattle Fire Department. Contributions are made to these related parties in the form of grants or contracts for paramedic training, continuing medical education, research grants, and other specific projects in support of the goals and activities of the Foundation. The Board of Directors of the Foundation authorizes the grants. The total amount granted to these organizations during the years ended December 31, 2020 and 2019, was \$905,770 and \$1,069,407, respectively. The total amount payable to these organizations as of December 31, 2020 and 2019, was \$24,389 and \$102,623, respectively.

Note 5 - Beneficial Interest in Assets Held by the Seattle Foundation

The Foundation is the beneficiary of a fund (the Fund) deposited with The Seattle Foundation. The Fund was established by the Foundation and is therefore without donor restriction. The Seattle Foundation was given variance power that allows it to modify the distributions of the Fund (either in amount or beneficiary) if The Seattle Foundation's Board of Trustees determines that the distribution is unnecessary, incapable of fulfillment, or inconsistent with the charitable purpose of The Seattle Foundation. However, the Foundation expects to annually receive the income generated by the Fund each year estimated at 4.5% of the market value of the Fund. The Fund is stated at fair value (using Level 3 inputs) of the underlying assets (cash and marketable securities) held by the Foundation. At December 31, 2020 and 2019, the value recognized by the Foundation was \$74,583 and \$68,679, respectively.

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Changes in the beneficial interest in assets held by The Seattle Foundation valued using Level 3 inputs for the years ended December 31, 2020 and 2019, are as follows:

Balance, December 31, 2018	\$	60,676
Investment gain		12,218
Distributions		<u>(4,215)</u>
Balance, December 31, 2019		68,679
Investment gain		10,274
Distributions		<u>(4,370)</u>
Balance, December 31, 2020	\$	<u><u>74,583</u></u>

Note 5 – Lease Obligation

In 2017, the Foundation entered into a noncancelable lease for its operating space in Bellevue. The lease agreement expires on September 30, 2022. Rental expense under this lease was \$58,290 and \$56,352 in 2020 and 2019, respectively.

Future minimum payments under the lease are as follows for the years ending December 31:

2021	\$	56,825
2022		<u>43,729</u>
	\$	<u><u>100,554</u></u>