

**MEDIC ONE FOUNDATION**

Financial Statements  
December 31, 2021 and 2020

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Amanda O'Rourke, CPA  
Matt Smith, CPA  
Claire Chow, CPA  
Jason Mallon, CPA



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Medic One Foundation  
Bellevue, Washington

### **Opinion**

We have audited the accompanying financial statements of Medic One Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In 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, 2021 and 2020, 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**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Medic One Foundation 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 Medic One 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**

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 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, including omissions, 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.

Amanda O'Rourke, CPA  
Matt Smith, CPA  
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Jason Mallon, CPA



In performing an audit in accordance with generally accepted auditing standards, 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 Medic One 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medic One Foundation'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.

*Greenwood Ohlund*

Seattle, Washington  
June 21, 2022

## MEDIC ONE FOUNDATION

### STATEMENTS OF FINANCIAL POSITION December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 580,696	\$ 613,776
Investments	4,699,929	4,059,235
Contributions and bequests receivable	105,900	371,990
Prepaid expenses and other assets	25,562	36,773
Total current assets	5,412,087	5,081,774
Endowment Investments	1,523,510	1,432,460
Beneficial Interest in Assets Held by The Seattle Foundation	82,570	74,583
Total assets	<u>\$ 7,018,167</u>	<u>\$ 6,588,817</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 16,968	\$ 37,754
Grants payable	126,862	37,767
Accrued wages and benefits	117,425	142,106
Total current liabilities	261,255	217,627
Net Assets		
Without donor restrictions	3,915,668	3,927,005
With donor restrictions	2,841,244	2,444,185
Total net assets	<u>6,756,912</u>	<u>6,371,190</u>
Total liabilities and net assets	<u>\$ 7,018,167</u>	<u>\$ 6,588,817</u>

*See accompanying notes to financial statements.*

## MEDIC ONE FOUNDATION

### STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 1,523,885	\$ 419,622	\$ 1,943,507	\$ 1,804,045	\$ 84,353	\$ 1,888,398
Bequests	213,516	-	213,516	934,689	95,186	1,029,875
In-kind revenue	-	-	-	31,181	-	31,181
Investment return	358,437	155,586	514,023	404,603	221,128	625,731
Net assets released from restrictions	178,149	(178,149)	-	163,759	(163,759)	-
Total public support and revenue	2,273,987	397,059	2,671,046	3,338,277	236,908	3,575,185
Expenses						
Program services						
Paramedic training and continuing education	852,489	-	852,489	815,023	-	815,023
Community outreach	324,166	-	324,166	365,464	-	365,464
EMS research	34,297	-	34,297	85,234	-	85,234
Community CPR	50,048	-	50,048	98,036	-	98,036
EMS Equipment	46,019	-	46,019	62,385	-	62,385
PulsePoint	146,917	-	146,917	13,000	-	13,000
Other programs	35,423	-	35,423	89,307	-	89,307
Total program services	1,489,359	-	1,489,359	1,528,449	-	1,528,449
Management and general	340,797	-	340,797	346,113	-	346,113
Fundraising	455,168	-	455,168	441,010	-	441,010
Total expenses	2,285,324	-	2,285,324	2,315,572	-	2,315,572
<b>Change in net assets</b>	<b>(11,337)</b>	<b>397,059</b>	<b>385,722</b>	<b>1,022,705</b>	<b>236,908</b>	<b>1,259,613</b>
Net Assets, beginning of year	3,927,005	2,444,185	6,371,190	2,904,300	2,207,277	5,111,577
Net Assets, end of year	<u>\$ 3,915,668</u>	<u>\$ 2,841,244</u>	<u>\$ 6,756,912</u>	<u>\$ 3,927,005</u>	<u>\$ 2,444,185</u>	<u>\$ 6,371,190</u>

*See accompanying notes to financial statements.*

## MEDIC ONE FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2021

	Program Services										
	Paramedic Training and Continuing Education	Community Outreach	EMS Research	Community CPR	EMS Equipment	PulsePoint	Other Programs	Total Program Services	Management and General	Fundraising	Total
Grants and allocations	\$ 845,541	\$ -	\$ 16,000	\$ -	\$ 46,019	\$ 146,917	\$ 2,500	\$ 1,056,977	\$ -	\$ -	\$ 1,056,977
Salaries and wages	-	205,000	13,125	26,250	-	-	18,358	262,733	128,996	147,152	538,881
Benefits and payroll taxes	-	65,241	4,162	8,324	-	-	5,593	83,320	56,544	50,417	190,281
Professional fees	908	9,437	-	200	-	-	2,300	12,845	34,495	78,427	125,767
Printing and publications	-	5,945	-	583	-	-	108	6,636	1,502	79,402	87,540
Marketing	1,909	12,643	985	6,131	-	-	1,359	23,027	2,827	36,688	62,542
Occupancy	-	20,440	-	-	-	-	-	20,440	21,781	17,314	59,535
Equipment rental and maintenance	-	1,838	25	684	-	-	-	2,547	33,753	7,055	43,355
Postage	-	994	-	-	-	-	60	1,054	5,849	33,152	40,055
Purchased services	-	-	-	-	-	-	88	88	27,084	-	27,172
Miscellaneous	2,027	179	-	3,482	-	-	1,908	7,596	16,990	1,885	26,471
Supplies	130	170	-	2,281	-	-	2,949	5,530	3,961	727	10,218
Telephone	-	2,067	-	1,248	-	-	-	3,315	2,958	2,761	9,034
Conferences and meetings	-	118	-	314	-	-	-	432	3,978	157	4,567
Travel	1,974	94	-	551	-	-	200	2,819	79	31	2,929
<b>Total expenses</b>	<b>\$ 852,489</b>	<b>\$ 324,166</b>	<b>\$ 34,297</b>	<b>\$ 50,048</b>	<b>\$ 46,019</b>	<b>\$ 146,917</b>	<b>\$ 35,423</b>	<b>\$ 1,489,359</b>	<b>\$ 340,797</b>	<b>\$ 455,168</b>	<b>\$ 2,285,324</b>

*See accompanying notes to financial statements.*

## MEDIC ONE FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2020

	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	\$ 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
Miscellaneous	1,830	1,777	-	2,996	-	-	1,908	8,511	4,885	2,376	15,772
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
	<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 CASH FLOWS For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 385,722	\$ 1,259,613
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Realized and unrealized gain on investments	(432,223)	(549,675)
Change in value of beneficial interests in assets held by The Seattle Foundation	(7,987)	(5,904)
Bad debts	-	2,500
Changes in operating assets and liabilities:		
Contributions and bequests receivable	266,090	(65,490)
Prepaid expenses and other assets	11,211	(10,472)
Accounts payable	(20,786)	(14,623)
Grants payable	89,095	(64,856)
Accrued wages and benefits	(24,681)	83,306
	266,441	634,399
Cash Flows from Investing Activities		
Purchases of investments	(972,360)	(849,821)
Sales of investments	672,839	450,000
	(299,521)	(399,821)
	<b>(33,080)</b>	<b>234,578</b>
Cash and Cash Equivalents, beginning of the year	613,776	379,198
Cash and Cash Equivalents, end of the year	\$ 580,696	\$ 613,776

*See accompanying notes to financial statements.*

# MEDIC ONE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

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 47 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 primary 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 \$21,258 and \$21,250 at December 31, 2021 and 2020, respectively, and are reported within investments on the statements of financial position. The corresponding liability of \$8,489 and \$2,102 at December 31, 2021 and 2020, 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.

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## MEDIC ONE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### *Investments*

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

	2021	2020
Money market funds	\$ 1,655,145	\$ 1,506,780
Corporate bonds	287,437	640,691
Equity securities - domestic common stocks	1,953,257	1,831,505
Mutual funds - short-term bond	1,303,729	960,860
Balanced funds	23,295	18,618
Mutual funds - equities:		
Large growth funds	496,470	258,697
Small growth funds	272,153	118,237
Foreign large growth funds	107,420	73,472
Real estate	49,151	7,941
Foreign large blend funds	39,970	16,146
Large blend funds	27,861	-
Diversified emerging markets	7,551	58,748
	\$ 6,223,439	\$ 5,491,695

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

	2021	2020
Investments - current	\$ 4,699,929	\$ 4,059,235
Endowment investments	1,523,510	1,432,460
	\$ 6,223,439	\$ 5,491,695

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

	2021	2020
Interest and dividends, net of fees	\$ 77,423	\$ 70,152
Realized and unrealized gains	432,223	549,675
Change in value of beneficial interest in assets held by The Seattle Foundation	4,377	5,904
	\$ 514,023	\$ 625,731

# 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, 2021 or 2020.

One bequest receivable represents 79% of total contributions and bequests receivable at December 31, 2020. There were no concentrations of contributions and bequest receivables at December 31, 2021.

### *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.

Contributions from one donor represented 16% of total public support and revenue for 2021. One bequest represented 11% 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.

### *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).

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.

# MEDIC ONE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

	2021	2020
Net assets with purpose restrictions		
Paramedic training:		
General	\$ 28,280	\$ 69,105
Michael K. Copass, MD Fund for Paramedic Training	173,742	173,742
Paramedic training room equipment	5,678	9,529
Class 47 supplies	-	550
Emerald Heights Fund	2,275	-
Mirabella Fund	24,419	-
Emergency Equipment Fund:		
General	1,510	3,081
CPR equipment	7,817	17,035
W. Hunter Simpson Fund	517,697	517,447
EMS Research	100	-
Redmond Fire ALS Fund	196,794	195,000
Leonard A. Cobb, MD Fund	50,868	48,368
Chief Jack N. Richards Memorial Fund	31,280	29,780
Gratitude Meals Program	4,375	5,694
EMT Scholarship Fund	15,200	-
Mental Health Resilience Fund	327,799	-
Total purpose restrictions	1,387,834	1,069,331
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	326,928	316,353
Medic One Foundation General Endowment Fund	169,058	169,058
Total perpetual endowment restrictions	1,094,652	1,084,077
Unappropriated endowment earnings:		
Natcher & Clementine Casey Paramedic Scholarship Endowment Fund	137,291	96,479
Natcher & Clementine Casey Equipment Endowment Fund	139,433	98,710
Mary N. Stowe Endowment Fund for Paramedic Training	56,261	69,815
Medic One Foundation General Endowment Fund	25,773	25,773
Total unappropriated endowment earnings	358,758	290,777
	\$ 2,841,244	\$ 2,444,185

# 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. Salaries, benefits and payroll taxes, professional fees, printing and publications, marketing, and others 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.

### *Subsequent Events*

The Foundation has evaluated subsequent events through the date these financial statements were available to be issued, which was June 21, 2022.

## **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, 2021 and 2020, available to meet general expenditures within one year of the financial position date:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 580,696	\$ 613,776
Investments	6,223,439	5,491,695
Contributions and bequests receivable	105,900	371,990
	<u>6,910,035</u>	<u>6,477,461</u>
Less: Amounts Not Available to be Used Within One Year		
Endowment investments	(1,523,510)	(1,432,460)
Net assets with purpose restrictions	(1,387,834)	(1,069,331)
	<u>\$ 3,998,691</u>	<u>\$ 3,975,670</u>

# MEDIC ONE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 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 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.

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, 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	57,606	290,777	1,084,077	1,432,460
Interest and dividends	1,472	17,091	1,246	19,809
Realized and unrealized gains	11,022	127,920	9,329	148,271
Appropriations for expenditure	-	(77,030)	-	(77,030)
Endowment net assets, December 31, 2021	<u>\$ 70,100</u>	<u>\$ 358,758</u>	<u>\$ 1,094,652</u>	<u>\$ 1,523,510</u>



# MEDIC ONE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### *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.

### *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, 2021 or 2020.

### **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, 2021 and 2020, was \$821,000 and \$905,770, respectively. The total amount payable to these organizations as of December 31, 2021 and 2020, was \$0 and \$24,389, respectively.

# MEDIC ONE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 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, 2021 and 2020, the value recognized by the Foundation was \$82,570 and \$74,583, respectively.

Changes in the beneficial interest in assets held by The Seattle Foundation valued using Level 3 inputs for the years ended December 31, 2021 and 2020, are as follows:

Balance, December 31, 2019	\$	68,679
Investment gain		10,274
Distributions		<u>(4,370)</u>
Balance, December 31, 2020		74,583
Investment gain		12,364
Distributions		<u>(4,377)</u>
Balance, December 31, 2021	\$	<u><u>82,570</u></u>

### Note 6 – 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 \$59,535 and \$58,290 in 2021 and 2020, respectively.

Future minimum payments under this lease are \$43,729 for the year ending December 31, 2022.