



HIGHLINE SCHOOLS FOUNDATION

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
(A Non-Profit Organization)**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

Hawthorne & Co.
Certified Public Accountants



**17820 1st Avenue S
Burien, Washington 98148**



HIGHLINE SCHOOLS FOUNDATION

HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
Burien, Washington

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Highline Schools Foundation for Excellence
Burien, Washington

Opinion

We have audited the accompanying financial statements of Highline Schools Foundation for Excellence (a non-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 Highline Schools Foundation for Excellence as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Highline Schools Foundation for Excellence and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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; 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.

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 Highline Schools Foundation for Excellence's ability to continue as a going concern within one year after the date that 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 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, misrepresentation, 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, 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 Highline Schools Foundation for Excellence'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 Highline Schools Foundation for Excellence'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.

Hawthorne & Company, CPAs

Seattle, Washington
November 3, 2022

HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
 BURIEN, WASHINGTON
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2021

ASSETS

	2021
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,055,815
Marketable securities	2,994,900
Contributions receivable	55,358
Prepaid expenses	6,474
TOTAL CURRENT ASSETS	4,112,547
PROPERTY AND EQUIPMENT	
Furnishings and equipment	9,137
Less: Accumulated depreciation	(6,120)
PROPERTY AND EQUIPMENT, NET	3,017
OTHER ASSETS	
Inventory - prom dresses	140,000
TOTAL OTHER ASSETS	140,000
TOTAL ASSETS	\$ 4,255,564

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 459,241
Accrued expenses	75,691
Deferred revenue	5,000
TOTAL CURRENT LIABILITIES	539,932
TOTAL LIABILITIES	539,932
NET ASSETS	
Without donor restrictions	181,371
With donor restrictions	3,534,261
TOTAL NET ASSETS	3,715,632
TOTAL LIABILITIES AND NET ASSETS	\$ 4,255,564

The accompanying notes are an integral part of these financial statements

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	\$ 53,476	\$ 0	\$ 53,476
Grants	0	173,288	173,288
Contributions	164,212	518,948	683,160
In-kind contributions	50,557	5,630	56,187
Investment returns, net	127,710	238,620	366,330
Special event revenue	10,539	256,601	267,140
Miscellaneous revenue	34	0	34
Net assets released from restriction	775,109	(775,109)	0
TOTAL SUPPORT AND REVENUE	1,181,637	417,978	1,599,615
FUNCTIONAL EXPENSES			
Program services	721,279	0	721,279
General and administrative	133,176	0	133,176
Fundraising	149,469	0	149,469
TOTAL FUNCTIONAL EXPENSES	1,003,924	0	1,003,924
CHANGE IN NET ASSETS	177,713	417,978	595,691
NET ASSETS , beginning of year	3,658	3,116,283	3,119,941
NET ASSETS , end of year	\$ 181,371	\$ 3,534,261	\$ 3,715,632

The accompanying notes are an integral part of these financial statements

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management & General	Fundraising	Total
Scholarships and grants	\$ 558,489	\$ 0	\$ 0	\$ 558,489
Wages and related expenses	133,583	78,062	80,550	292,195
In-kind	29,207	4,200	17,150	50,557
Fundraisers	0	0	32,747	32,747
Legal and professional fees	0	18,414	0	18,414
Rental expense	0	179	13,691	13,870
Computer and website	0	10,598	0	10,598
Merchant services	0	6,355	0	6,355
Miscellaneous	0	1,247	3,854	5,101
Insurance	0	3,141	0	3,141
Office expenses	0	2,887	0	2,887
Advertising	0	898	1,202	2,100
Telephone and utilities	0	2,025	0	2,025
Dues and subscriptions	0	1,862	0	1,862
Depreciation and amortization	0	1,475	0	1,475
Postage and delivery	0	1,146	0	1,146
Travel	0	359	0	359
Donor recognition	0	0	275	275
Continuing education	0	162	0	162
Bank charges	0	106	0	106
Licenses and permits	0	60	0	60
Total functional expenses	\$ 721,279	\$ 133,176	\$ 149,469	\$ 1,003,924

The accompanying notes are an integral part of these financial statements

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 595,691
Adjustments to reconcile change in net assets to net cash provided (used) from operating activities:	
Unrealized (gain) on investments	(310,537)
Realized (gains) on investments	(1,352)
Depreciation and amortization	1,475
Contribution of securities	(5,630)
Changes in assets and liabilities	
Contributions receivable	13,844
Prepaid expenses	12,068
Accounts payable	(97,924)
Accrued expenses	75,696
Deferred revenue	(34,100)
NET CASH PROVIDED BY OPERATING ACTIVITIES	249,231
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(1,707)
Purchase of marketable securities	(824,060)
Sale of marketable securities	757,317
NET CASH USED BY INVESTING ACTIVITIES	(68,450)
NET INCREASE IN CASH AND CASH EQUIVALENTS	180,782
CASH AND CASH EQUIVALENTS, beginning of year	875,033
CASH AND CASH EQUIVALENTS, end of year	\$ 1,055,815
SUPPLEMENTAL DISCLOSURES	
Amounts paid for: Income tax	\$ 0
Interest	\$ 0

The accompanying notes are an integral part of these financial statements

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Highline Schools Foundation for Excellence (the Foundation) is a Washington non-profit corporation formed in December 1999. The mission of the Foundation is to provide community resources to help Highline Public Schools succeed.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions totaled \$3,534,261 for the year ended December 31, 2021.

Contributions and specific grants received are recorded as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any donor restrictions. Support restricted by the donor, including pledges, is reported as an increase in net assets with donor restrictions. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is 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 restrictions. Donor-restricted contributions with conditions met in the same reporting period are reported as support without donor restrictions.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less.

Property and Equipment

Property and equipment are recorded at the cost when purchased and fair market value when donated. Property replacements and betterments that appreciably extend asset lives are capitalized. Depreciation is computed on the straight-line method over the asset's estimated useful lives. Depreciation expense for the year ended December 31, 2021, is \$1,475.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences

Vacation

The Foundation has not accrued compensated absences because the amount cannot be reasonably estimated.

Sick Pay

Hourly employees earn one hour of sick pay for every forty hours worked. Unused sick pay may be carried forward to future years. As of December 31, 2021, the accrued sick pay ending balance is \$0.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional when the conditions on which they depend are substantially met.

Fundraising

The Foundation expenses fundraising costs as incurred. Fundraising costs from ongoing fundraising activities of the Foundation are presented in the expense section of the Foundation's statement of activities. Total fundraising costs incurred during 2021 are \$149,469.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It, therefore, has made no provision for federal income taxes in the accompanying financial statements. Income from activities unrelated to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation reported no taxable unrelated business income from the year ended December 31, 2021. In addition, the Internal Revenue Service has determined the Foundation not to be a private Foundation within the meaning of Section 509(a) of the code.

The Foundation files U.S. information returns. All returns for tax years after 2017 remain subject to examination by the Internal Revenue Service.

Advertising

Advertising costs are charged to operations when incurred. Advertising costs for the year ended December 31, 2021, totaled \$2,100.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification

Certain accounts in the prior year's financial statements have been reclassified to conform with the current financial statements presentation. These reclassifications had no impact on the net assets reported in the Statement of Financial Position or the change in net assets reported in the Statement of Activities and Changes in Net Assets.

Estimates

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect specific reported amounts and disclosures. Accordingly, actual results could differ from those estimated amounts.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the use of its available funds.

The Foundation receives contributions and grants with donor restrictions to be used in accordance with the associated purpose restrictions. The Foundation also receives support without donor restrictions; such revenue is used to fund general and administrative expenditures and programmatic expenses not covered by donor-restricted funds. The Foundation strives to maintain liquid financial assets to cover 90 days of expenditures. Such assets include cash, certificates of deposit, and money market funds. The Foundation intends to generate sufficient revenues from all sources in excess of anticipated general and program expenditures.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 – LIQUIDITY AND AVAILABILITY (continued)

The table below presents financial assets available for general expenditures within one year on December 31, 2021:

	2021
Total financial assets at year end:	
Cash and cash equivalents	\$ 1,055,815
Investments	2,994,900
Contributions receivable	55,358
Total financial assets available for general expenditure:	4,106,073
Less:	
Donor-restricted funds for purpose	(3,534,261)
Financial Assets available to meet general expenditures within one year	\$ 571,812

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market and U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices traded less frequently than exchange-traded instruments.

Level 3: Unobservable inputs supported by little or no market activity. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The following discussion describes the valuation methodologies for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows.

Fair value estimates are made at a specific point in time based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated compared to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Fair values for the Foundation's fixed-maturity securities are based on prices provided by its investment managers and custodian bank. The investment managers and the custodian bank use various pricing sources to determine market valuations. Each designated specific pricing service or index for each sector of the market is based upon the provider's expertise. The Center's fixed-maturity securities portfolio is highly liquid, allowing a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by the Foundation from observable market quotations when available. Private placement securities and other equity securities where a public quotation is not available are valued by using broker quotes.

The fair values of investments totaled \$2,994,900 on December 31, 2021. The Foundation does not hold alternative investments (investments that do not have readily determinable fair values) in its investment portfolios.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021:

	Fair Value	Level 1	Level 2	Level 3
Investments				
Bonds	\$ 502,996	\$ 0	\$ 502,996	\$ 0
Equities	1,725,842	1,725,842	0	0
Equity funds	420,445	0	420,445	0
Exchange traded funds	320,278	320,278	0	0
Other Assets	25,339	25,339	0	0
	<u>\$ 2,994,900</u>	<u>\$ 2,071,459</u>	<u>\$ 923,441</u>	<u>\$ 0</u>

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 3 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

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

	2021
Interest & dividend income	\$ 76,753
Realized gain on sale of securities	1,352
Unrealized gain on securities	310,536
Investment fees	(22,310)
Total	\$ 366,330

NOTE 4 – IN-KIND CONTRIBUTIONS

The Foundation receives contributions of services from unpaid volunteers who assist with fundraising events and programs. The value of such contributed services is not reflected in these financial statements as either revenue or expense because the criteria for recognition under FASB ASC 958 have not been satisfied.

Donated Utilities, and Use of Facilities

On December 4, 2020, the Foundation and the Highline Schools District signed a one-year contract beginning on January 1, 2021, and ending on December 31, 2021. Highline School District provides office space for the Foundation's use as an administrative office. There is no rental charge except the utilities and leasehold excise tax on the fair market value of the leased property under the lease agreement. The lease agreement was amended to extend the lease term through November 30, 2022. The current leasehold excise tax on the fair market value of the leased property is \$195 per quarter. Following the expiration of the agreement in November 2022, the Foundation has continued on a month-to-month basis while a new lease for the office space is negotiated.

In-kind Contributions of Food, Clothing, and Other Items

The Foundation also received in-kind donations of clothing and other items (such as gift cards, bus passes, etc.) for its programs and food for use at its fundraising events from businesses in the Highline area. In 2021, the Foundation received in-kind donations of food, clothing, and other items with an estimated value of \$34,747.

Auction Goods

Contributed auction items estimated total value of \$15,810 for 2021. Auction goods have been recorded at fair value as in-kind contributions in the statement of activities.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 5 – FUNDRAISERS

During 2021, the Foundation held several fundraising events. Since these events are held annually and result in material revenues and expenses, gross revenues and expenses from these events are reflected in the statement of activities.

NOTE 6 – NET ASSETS

Net Asset Released From Restrictions

As of December 31, 2021, the Foundation had net assets with donor-imposed usage or time restrictions as follows:

Scholarships - STIA	\$ 57,469
Scholarship - Various	291,412
Discovery Ed Initiative	63,566
McMicken Heights Community Fund	18,344
Grant - Alaska Air	81,066
Friends of Accounts - Various	66,758
Excel Grants	133,853
Other releases (amounts below \$50,000)	62,642
	<u>\$ 775,109</u>

Net Asset With Donor Restriction

As of December 31, 2021, the Foundation had net assets with donor-imposed usage or time restrictions as follows:

Scholarship - STIA	\$ 1,352,509
Scholarship - Various	537,614
Discovery Ed Initiative	752,422
McMicken Heights Community Fund	172,911
Grant - Alaska Air	162,428
Friends of Accounts (various)	120,810
Excel Grants	81,747
Other restricted funds (amounts below \$50,000)	353,818
	<u>\$ 3,534,261</u>

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – ENDOWMENT FUNDS

During 2007, the McMicken Heights Community Club gave the Foundation donor-restricted education endowment fund to provide income, in perpetuity, to support McMicken Elementary School and provide scholarships to students graduating from public high schools within the SeaTac city limits. The first two percent of annual net earnings must be reinvested in the fund. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including board-designated 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 State of 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 stipulation to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, plus (b) the original value of subsequent gifts to the endowment. In accordance with UPMIFA, the Foundation 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 funds
- 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

Activity in the endowment fund for the year ended December 31, 2021, is as follows:

Endowment net assets, beginning of year	\$ 169,686
Interest and dividends	4,635
Realized and unrealized gains	18,278
Investment fees	(1,343)
Amounts appropriated for expenditure	<u>(18,344)</u>
Endowment net assets, end of year	<u>\$ 172,911</u>

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 – ENDOWMENT FUNDS (continued)

Endowment net assets are reported at their fair value. As of December 31, 2021, the fund's net assets consist of the following:

Endowment fund balance	\$ 169,686
Accumulated gains	<u>3,225</u>
Endowment net assets	<u>\$ 172,911</u>

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at a financial institution located in Washington. Checking, savings, and other cash-equivalent accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 in 2021. The amount exceeding the insured limit for December 31, 2021, is \$134,471.

The Foundation has an investment account that is managed by a brokerage firm located in Portland, OR. The investments held at this firm are covered up to \$500,000 under the Securities Investor Protection Corporation (SIPC). The amount that is in excess of the covered limit for December 31, 2021 is \$2,533,534.

Investments are exposed to various risks, such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with particular investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Public Support and Revenue

The Foundation receives support from various sources, including grants, fundraising events, corporate partnerships, and individual contributions. Revenue from fundraisers includes the funds raised from the Foundation's annual awards breakfast and auction. Ordinary income is derived mainly from organizational and individual donors in the Highline area. Adverse economic conditions in the Highline community could affect the regular support and revenue of the Foundation.

In 2021, the Foundation received 31% of its support from three donors. One of these donors provided a one-time grant the Foundation does not expect to be renewed. If one of the other donors were to be lost, the Foundation would have to reduce the programs and services offered.

**HIGHLINE SCHOOLS FOUNDATION FOR EXCELLENCE
BURIEN, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated subsequent events (events subsequent to December 31, 2021) through the date these financial statements were available to be issued, which is the same date as the independent auditors' report, and found that no subsequent events occurred that would require adjustment to or disclosure in the financial statements.