



The West Marin Fund

**Financial Statements with Report of Independent Auditors
June 30, 2023**



Report of Independent Auditors

To the Board of Directors of
The West Marin Fund:

Opinion

We have audited the accompanying financial statements of The West Marin Fund, which comprise the statement of financial position as of June 30, 2023, 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 The West Marin Fund as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of The West Marin Fund 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.

Changes in Accounting Principles

As discussed in Note 2 to the financial statements, The West Marin Fund adopted accounting standards changes related to accounting and disclosure for leasing arrangements. Our opinion is not modified with respect to those matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The West Marin Fund'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 The West Marin Fund'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 The West Marin Fund'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.

Novogradac & Company LLP

Petaluma, California
February 14, 2024

THE WEST MARIN FUND
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

| | | |
|---|----|-------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ | 30,980 |
| Contributions receivable | | 100,000 |
| Investments at fair value | | 1,729,694 |
| Beneficial interest in community foundation | | <u>2,978,669</u> |
| Total current assets | | 4,839,343 |
| | | |
| Right-of-use assets | | <u>39,436</u> |
| | | |
| Total assets | \$ | <u><u>4,878,779</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|--|----|-------------------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ | 2,339 |
| Accrued vacation and employee benefits payable | | 62,745 |
| Right-of-use liability, current portion | | <u>22,373</u> |
| Total current liabilities | | 87,457 |
| | | |
| Right-of-use liabilities, net of current portion | | <u>17,115</u> |
| | | |
| Total liabilities | | <u>104,572</u> |
| | | |
| Net assets | | |
| Without donor restrictions | | 2,554,117 |
| With donor restrictions | | <u>2,220,090</u> |
| Total net assets | | <u>4,774,207</u> |
| | | |
| Total liabilities and net assets | \$ | <u><u>4,878,779</u></u> |

see accompanying notes

THE WEST MARIN FUND
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|--|---|--------------------------------------|---------------------|
| SUPPORT AND OTHER REVENUE | | | |
| Support: | | | |
| Contributions | \$ 1,341,868 | \$ 833,957 | \$ 2,175,825 |
| Total support | <u>1,341,868</u> | <u>833,957</u> | <u>2,175,825</u> |
| Other revenue: | | | |
| Investment income | 166,452 | 214,648 | 381,100 |
| Miscellaneous | <u>5,519</u> | <u>-</u> | <u>5,519</u> |
| Total other revenue | <u>171,971</u> | <u>214,648</u> | <u>386,619</u> |
| Net assets released from restriction | <u>958,099</u> | <u>(958,099)</u> | <u>-</u> |
| Total support and other revenue | <u>2,471,938</u> | <u>90,506</u> | <u>2,562,444</u> |
| EXPENDITURES | | | |
| Program services | 1,696,355 | - | 1,696,355 |
| Administrative and support | 90,892 | - | 90,892 |
| Fundraising | <u>68,253</u> | <u>-</u> | <u>68,253</u> |
| Total expenditures | 1,855,500 | - | 1,855,500 |
| CHANGE IN NET ASSETS | 616,438 | 90,506 | 706,944 |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,937,679</u> | <u>2,129,584</u> | <u>4,067,263</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 2,554,117</u> | <u>\$ 2,220,090</u> | <u>\$ 4,774,207</u> |

see accompanying notes

THE WEST MARIN FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| EXPENDITURES | Program Services | Administrative and Support | Fundraising | Total |
|----------------------------|---------------------|-------------------------------|------------------|---------------------|
| Grants | \$ 1,042,371 | \$ - | \$ - | \$ 1,042,371 |
| Personnel costs | 383,940 | 30,628 | 53,312 | 467,880 |
| Professional services | 200,171 | 32,913 | 6,429 | 239,513 |
| Office expenses | 52,060 | 21,717 | 6,521 | 80,298 |
| Occupancy | 14,799 | 957 | 1,654 | 17,410 |
| Telephone and internet | 3,014 | 195 | 337 | 3,546 |
| Miscellaneous | - | 3,982 | - | 3,982 |
| Travel | - | 500 | - | 500 |
| Total expenses by function | <u>\$ 1,696,355</u> | <u>\$ 90,892</u> | <u>\$ 68,253</u> | <u>\$ 1,855,500</u> |

see accompanying notes

THE WEST MARIN FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

| | |
|--|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 706,944 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Net realized and unrealized gain on investments | (290,335) |
| Right-of-use asset amortization | 11,980 |
| (Increase) decrease in assets: | |
| Contributions, grants and accounts receivable | (100,000) |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (56,102) |
| Accrued vacation and employee benefits payable | 30,918 |
| Lease liability | <u>(11,928)</u> |
| Net cash provided by operating activities | 291,477 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments | <u>(449,101)</u> |
| Net change in cash and cash equivalents | (157,624) |
| Cash and cash equivalents at beginning of year | <u>188,604</u> |
| Cash and cash equivalents at end of year | <u>\$ 30,980</u> |
| Supplemental disclosure of noncash investing and financing activities: | |
| Increase in right-of-use assets and lease liabilities | <u>\$ 51,416</u> |

see accompanying notes

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

1. Organization

The West Marin Fund (the “Organization”) maintains and advances the cultural, health, educational, social, and civic resources of West Marin through supporting other nonprofit organizations and providing philanthropic leadership to help create and promote efforts among citizens to maintain and improve the quality of life in that community.

2. Summary of significant accounting policies

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

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

Cash and cash equivalents

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

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

2. Summary of significant accounting policies (continued)

Contributions receivable (continued)

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Beneficial interest held by community foundation

The Organization established an endowment fund that is perpetual in nature (the Fund) under a community foundation's (the CF) Non-Profit Preservation Endowment Challenge Grant Program and named the Organization as beneficiary. The Organization granted variance power to the CF, which allows the CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statement of activities.

Endowment funds

In August 2008, Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This guidance also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Organization is subject to the required disclosures in that the Organization classifies its unrealized gains and losses on board-advised endowed funds as net assets with board advised restrictions. As of June 30, 2023 no fund balances were below the historical gift amount.

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Unobservable inputs that reflect the Organization's own assumptions.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial Interest in Community Foundation

Investments held with a community foundation are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or asking price for over-the counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the community foundation also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information.

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of:

| | | June 30, 2023 | | | |
|--------|--|---------------|--------------|---------|----------------------------|
| | | Level 1 | Level 2 | Level 3 | Fair Value Measurements |
| Assets | | | | | |
| | Beneficial interest in community foundation | \$ - | \$ 2,978,669 | \$ - | \$ 2,978,669 |
| | Mutual funds | 1,729,694 | - | - | 1,729,694 |
| | Total assets | \$ 1,729,694 | \$ 2,978,669 | \$ - | \$ - 4,708,363 |

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Organization's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Organization for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

2. Summary of significant accounting policies (continued)

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years and four years, respectively, of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying the financial statements.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, 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 statements of activities as net assets released from restrictions.

Approximately 68% of the annual contributions were received from four donors. During the year ended June 30, 2023 board members of the Organization donated approximately \$746,000.

Revenue recognition

Revenue resulting from special events, fees charged by the Organization, refunded grants and other income is recognized when performance obligations are met.

Functional expenses

The personnel costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses based on time spent by personnel in performing functional activities. Accordingly, the personnel costs have been allocated among the programs and supporting services benefited.

| Expense | Method of Allocation |
|-----------------------|----------------------|
| Personnel costs | Time and effort |
| Professional services | Direct expense |
| Office expenses | Direct expense |
| Occupancy | Use of asset |
| Telephone & internet | Use of asset |

Description of programs and supporting services

Community Grants - The Organization provides support for various nonprofit groups and organizations serving the community. The Organization supports a youth philanthropy program and a youth center in the community. It also conducts educational seminars and programs for community organizations and members.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

2. Summary of significant accounting policies (continued)

Description of programs and supporting services (continued)

Management and General - Management and general support services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. These include functions necessary to maintain an equitable employment program, manage the financial and budgetary responsibilities of the organization, and manage other similar functions.

Fundraising Activities - Provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate at the commencement date in determining the present value of lease payments.

The operating lease right-of-use assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the leases when it is reasonably certain that the Organization will exercise that option. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease terms.

The office lease agreements include monthly predetermined rental payments. Lease liabilities are not remeasured throughout the life of the lease since all predetermined changes in the monthly rent payments have already been considered in the lease liability calculation.

Change in accounting principle

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 842, *Leases* (“FASB ASC 842”) to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees and the disclosure of key information about leasing arrangements.

FASB ASC 842 was adopted July 1, 2022, and adjustments were recognized through a cumulative effect adjustment, with certain practical expedients available.

As a result of the adoption of FASB ASC 842, on July 1, 2022 an office lease, right-of-use assets of \$51,416 were recognized, which represents the present value of the remaining office lease payments, discounted using 1.370%, and a lease liabilities of \$51,416, which represents the office lease payables.

Subsequent events

Subsequent events have been evaluated through February 14, 2024, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

3. Liquidity and availability of financial assets

The following represents the Organization's financial assets at June 30, 2023

| | |
|---|---------------------|
| Cash | \$ 30,980 |
| Contributions receivable | 100,000 |
| Investments at fair value | <u>4,708,363</u> |
| Total financial assets | 4,839,343 |
| Less: donor restrictions | <u>(2,220,090)</u> |
| Financial assets available to meet expenditures over the next 12 months | <u>\$ 2,619,253</u> |

As part of the Organization's liquidity management, it has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Net assets with donor restrictions

Net assets with donor restrictions are contributions which were received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods.

Net assets with donor restrictions consist of the following as of June 30, 2023:

| | |
|--|---------------------|
| Time restricted | \$ 904,600 |
| Future fund | 649,305 |
| Early childhood | 268,673 |
| Community programs | 179,861 |
| Justice and equity | 111,841 |
| Endowment | 85,810 |
| Housing | <u>20,000</u> |
| Total net assets with donor restrictions | <u>\$ 2,220,090</u> |

5. Net assets released from restriction

During the years ended June 30, 2023 funds with donor restriction were used for their restricted purposes or were held for specific time periods, and they were released to net assets without donor restriction:

| | |
|---------------------------------|-------------------|
| Time restricted | \$ 136,487 |
| Future fund | 40,985 |
| Early childhood | 62,237 |
| Community programs | 724,753 |
| Justice and equity | (4,834) |
| Endowment | <u>(1,529)</u> |
| Total releases from restriction | <u>\$ 958,099</u> |

6. Lease commitments

On August 13, 2021 the Organization entered into an operating lease for office space in Point Reyes California, the Emporium Building lease. The lease term is for 60 months and commenced in August 2021 with base monthly rent to be \$420. As of June 30, 2023, right-of-use asset – office lease and right-of-use liabilities-office lease were \$15,628 and \$15,680, respectively.

THE WEST MARIN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

6. Lease commitments (continued)

On February 1, 2022 the Organization entered into an operating lease for office space in Point Reyes, California, the Point Reyes Livery Stable lease. The lease term is for 12 months, with the option to extend the lease for an additional 12 months and commenced in February 2022, with base monthly rent to be \$1,040 during the first year, and a minimum 3% increase if the lease is extended. The Organization exercised the extension option and anticipates staying at this location, at least until January 31, 2024. As of June 30, 2023, right-of-use asset – office lease and right-of-use liabilities-office lease were \$23,808 and \$23,808, respectively.

Office space rent for the year ended June 30, 2023, totaled \$17,410.

Lease payments for the next 3 years are estimated to be:

| <u>Year ending June 30:</u> | <u>Emporium</u> | <u>Livery</u> | <u>Total</u> |
|-----------------------------|------------------|------------------|------------------|
| 2024 | \$ 4,999 | \$ 17,374 | \$ 22,373 |
| 2025 | 5,224 | 6,434 | 11,658 |
| 2026 | <u>5,457</u> | <u>-</u> | <u>5,457</u> |
| Total lease payable | <u>\$ 15,680</u> | <u>\$ 23,808</u> | <u>\$ 39,488</u> |