NOOKSACK SALMON ENHANCEMENT ASSOCIATION

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2024
(With Comparative Totals for December 31, 2023)

NOOKSACK SALMON ENHANCEMENT ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Nooksack Salmon Enhancement Association
Bellingham, Washington

Opinion

We have audited the accompanying financial statements of Nooksack Salmon Enhancement Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, 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 Nooksack Salmon Enhancement Association as of December 31, 2024, and the changes in 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 Nooksack Salmon Enhancement Association 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 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 Nooksack Salmon Enhancement Association'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 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 Nooksack Salmon Enhancement Association'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 Nooksack Salmon Enhancement Association'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.

Report on Summarized Comparative Information

We have previously audited Nooksack Salmon Enhancement Association’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

North Star Tax & Accounting

North Star Tax & Accounting
Snohomish, Washington
November 25, 2025

NOOKSACK SALMON ENHANCEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
December 31, 2024
(With Comparative Totals for December 31, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 280,647	$ 216,773
Certificate of deposit	50,607	-
Grants receivable	225,449	396,760
Inventory	-	11,000
Total current assets	556,703	624,533
Noncurrent assets		
Long-term investments	4,981,560	3,734,470
Fixed assets		
Land	122,253	122,253
Buildings and improvements	1,131,888	1,131,889
Furniture and equipment	30,748	37,466
Vehicles	184,710	182,276
	1,469,599	1,473,884
Less depreciation and amortization	(445,186)	(405,978)
Net fixed assets	1,024,413	1,067,906
Beneficial interest in assets held by Community Foundation	189,432	177,716
Total noncurrent assets	6,195,405	4,980,092
Total assets	$ 6,752,108	$ 5,604,625
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 84,074	$ 86,998
Accrued vacation payable	73,394	28,596
Deferred revenue	140,618	200,583
Line of credit	-	140,785
Total current liabilities	298,086	456,962
Total liabilities	298,086	456,962
Net assets		
Net assets without donor restrictions	1,893,627	1,359,687
Net assets with donor restrictions	4,560,395	3,787,976
Total net assets	6,454,022	5,147,663
Total liabilities and net assets	$ 6,752,108	$ 5,604,625

See accompanying notes to the financial statements.

NOOKSACK SALMON ENHANCEMENT ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024
(With Comparative Totals for December 31, 2023)

	2024					2023				
	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions			Net Assets Total	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions			Net Assets Total
		Temporarily Restricted	Permanently Restricted	Total			Temporarily Restricted	Permanently Restricted	Total	
Support and revenue										
Contributions	$ 1,163,293	$ 271,498	$ 390,000	$ 661,498	$ 1,824,791	$ 302,624	$ 86,371	$ 857,596	$ 943,967	$ 1,246,591
Government grants	823,179	-	-	-	823,179	1,204,707	-	-	-	1,204,707
Private grants	491,368	2,500	-	2,500	493,868	333,089	-	-	-	333,089
Fee-for-service contracts	167,729	-	-	-	167,729	24,033	-	-	-	24,033
Net investment return	23,572	377,298	-	377,298	400,870	1,307	331,869	-	331,869	333,176
Other income	128,822	-	-	-	128,822	73,525	-	-	-	73,525
Total support and revenue	2,797,963	651,296	390,000	1,041,296	3,839,259	1,939,285	418,240	857,596	1,275,836	3,215,121
Net assets released from restrictions										
Satisfaction of restrictions	268,877	(268,877)	-	(268,877)	-	330,256	(330,256)	-	(330,256)	-
Total revenue and nets assets released	3,066,840	382,419	390,000	772,419	3,839,259	2,269,541	87,984	857,596	945,580	3,215,121
Functional expenses										
Program services	1,865,718	-	-	-	1,865,718	1,778,214	-	-	-	1,778,214
Administration	585,501	-	-	-	585,501	587,555	-	-	-	587,555
Fundraising	81,681	-	-	-	81,681	19,620	-	-	-	19,620
Total functional expenses	2,532,900	-	-	-	2,532,900	2,385,389	-	-	-	2,385,389
Change in net assets	533,940	382,419	390,000	772,419	1,306,359	(115,848)	87,984	857,596	945,580	829,732
Net assets, beginning of year	1,359,687	1,234,706	2,553,270	3,787,976	5,147,663	1,475,535	1,146,722	1,695,674	2,842,396	4,317,931
Net assets, end of year	$ 1,893,627	$ 1,617,125	$ 2,943,270	$ 4,560,395	$ 6,454,022	$ 1,359,687	$ 1,234,706	$ 2,553,270	$ 3,787,976	$ 5,147,663

See accompanying notes to the financial statements.

NOOKSACK SALMON ENHANCEMENT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024
(With Comparative Totals for December 31, 2023)

	2024				2023			
	Program	Administration	Fundraising	Total Expense	Program	Administration	Fundraising	Total Expense
Salaries, benefits and taxes	$ 1,159,491	$ 371,161	$ 40,201	$ 1,570,853	$ 1,025,863	$ 349,405	$ 8,315	$ 1,383,583
Program and project	527,187	28,949	2,475	558,611	643,403	16,290	1,949	661,642
Nursery	64,940	-	-	64,940	29,078	-	-	29,078
Facilities	2,128	57,968	-	60,096	3,339	53,919	-	57,258
Vehicles and equipment	35,107	16,721	-	51,828	37,994	21,417	-	59,411
Professional services	-	16,250	-	16,250	-	26,244	-	26,244
Copying and printing	7,176	2,660	1,012	10,848	9,158	5,610	20	14,788
Dues and subscriptions	10,445	15,071	4,849	30,365	13,212	11,956	2,522	27,690
Supplies	697	439	3,376	4,512	964	292	6,255	7,511
Event expenses	6,893	3,202	24,528	34,623	6,508	1,198	175	7,881
Interest and finance charges	-	250	-	250	-	2,573	-	2,573
Insurance	45,463	10,703	2,734	58,900	315	46,073	-	46,388
Technology	1,142	27,623	-	28,765	-	18,921	-	18,921
Office supplies	150	2,798	95	3,043	574	6,811	-	7,385
Postage	51	257	795	1,103	1,057	1,090	-	2,147
Telecommunication	501	8,803	-	9,304	440	8,172	-	8,612
Advertising	1,725	-	-	1,725	2,850	-	-	2,850
Bank service charges	1,925	762	1,600	4,287	2,710	1,456	384	4,550
Other	697	1,180	16	1,893	749	6,839	-	7,588
Endowment expense	-	20,704	-	20,704	-	9,289	-	9,289
Total functional expenses	$ 1,865,718	$ 585,501	$ 81,681	$ 2,532,900	$ 1,778,214	$ 587,555	$ 19,620	$ 2,385,389

See accompanying notes to the financial statements.

NOOKSACK SALMON ENHANCEMENT ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024
(With Comparative Totals for December 31, 2023)

	2024	2023
Cash flows from operating activities		
Changes in net assets	$ 1,306,359	$ 829,732
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	43,686	46,816
Unrealized gains on investments	(252,758)	(57,131)
Changes in operating assets and liabilities		
(Increase) decrease in grants receivable	171,311	(66,008)
Increase (decrease) in accounts payable	(2,924)	3,539
Increase in accrued vacation payable	44,798	5,295
Increase (decrease) in deferred revenue	(59,965)	144,911
Net cash provided by operating activities	1,261,507	907,154
Cash flows from investing activities		
Payments for purchases of fixed assets	-	(23,730)
Proceeds and purchases of investments, net	(1,068,564)	(1,035,754)
Increase in assets held by Community Foundation	11,716	24,680
Net cash used in investing activities	(1,056,848)	(1,034,804)
Cash flows from financing activities		
Proceeds from short-term debt	-	55,705
Repayment of short-term debt	(140,785)	-
Net cash provided by (used in) financing activities	(140,785)	55,705
Net increase (decrease) in cash and cash equivalents	63,874	(71,945)
Cash and cash equivalents, beginning of year	$ 216,773	$ 288,718
Cash and cash equivalents, end of year	$ 280,647	$ 216,773

See accompanying notes to the financial statements.

NOTE 1 – **ORGANIZATION AND OPERATIONS**

The Nooksack Salmon Enhancement Association (NSEA) is a community-based nonprofit organization that strives to recover salmon by engaging our community in restoration, education, and stewardship. NSEA is one of fourteen Regional Fisheries Enhancement Groups in Washington State and, since 1990, has been part of statewide effort to educate and involve the public in community-based salmon recovery activities. NSEA works cooperatively with landowners, agencies, tribes, businesses, service organizations, schools, and volunteers. NSEA works year-round to accomplish habitat restoration, education, volunteer coordination, community outreach, scientific monitoring, and assessment. NSEA is governed by a volunteer board of directors, and work is led by a team of staff who engage community volunteers.

Habitat Restoration and Monitoring: Stream habitat restoration projects have a strong foundation in scientific methodology and are planned and implemented with many cooperative public, private, tribal, and business partners. Projects include fish passage barrier removal, in-stream habitat restoration work, large woody debris placement, livestock exclusion, riparian planting and maintenance and monitoring. Restoration of salmon habitat is a core focus of NSEA's mission.

- For the year ended December 31, 2024, NSEA completed several new projects including fourteen large woody debris projects and the removal of three fish passage barriers which improved access to 3.5 miles of upstream habitat. NSEA also improved streambank riparian through the removal of invasive vegetation and the planting of over 19,742 native trees and shrubs. In addition to new restoration projects, 56 past sites were monitored and maintained.

Education and Stewardship: NSEA provides science education and stewardship opportunities for community members of all ages.

- NSEA staff worked to educate and engage more than 1,975 fourth grade students throughout Whatcom County in the "Students for Salmon" program. This flagship program, started in 2000, provides each class with a classroom presentation and, in 2024, facilitated 83 field trips to study stream ecology. Additionally, NSEA instructors lead classes through stewardship activities which often include restoration projects. NSEA partnered with several other local nonprofit organizations to lead 61 educators in teacher training through the ten-hour Clime Time program. Camp Keystone celebrated its fourth year in 2024 with 178 camp participants over nine weeks of summer camp.

- Community volunteers are central to NSEA's mission of involving our community in salmon recovery. In 2024, 4,422 hours were donated by 1,474 community volunteers to restore about 21.75 acres of riparian habitat.

- Interns and students from Western Washington University, Bellingham Technical College, Whatcom Community College, and Northwest Indian College provide critical support to NSEA's programs including education, monitoring, and stewardship. In 2024, dedicated interns supported NSEA's programs while gaining valuable job skills.

- Summer and fall of 2024 brought increased opportunities for NSEA staff and interns to do outreach: NSEA's summer River Stewards program led guided river walks along the Nooksack River and hosted outreach events. During the fall, we hosted 14 salmon sighting events along several creeks, engaging over 930 people. These events provided an opportunity for community members to learn about salmon, salmon habitat, and how we, as individuals and as a community, can support salmon recovery.

Northwest Salmon Recovery Fund (NWSRF): The NWSRF was established in 1994 as an endowment, the purpose of which was to sustain the staff, operations, and mission of NSEA in perpetuity. The bylaws require that all permanently restricted funds remain fully invested. See Notes 9, 10 and 11.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements reflect all significant receivables, payables, and other liabilities. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor/donor-imposed restrictions. Accordingly, net assets of NSEA and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* are not subject to grantor/donor-imposed stipulations and are available for operations. Unrestricted net assets also include those assets that are board-designated for a particular purpose. Since the board has authority to revoke their decision at any time, these assets are not subject to the same restrictions as those from grantors/donors.
>
> *Net assets with donor restrictions* are subject to grantor/donor-imposed stipulations that may be met, either by actions of NSEA, the occurrence of certain events, or the passage of time, or are subject to donor-imposed stipulations to be maintained permanently by NSEA. See Note 10.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor- imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor- imposed stipulation or by law. When a restriction expires or the terms of the donation have been satisfied, 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. When donor restrictions are met during the same period that support is received, the support is recorded as without donor restrictions.

Cash and cash equivalents – Cash consists of cash held in a checking and savings accounts. For purposes of the statement of cash flows, NSEA considers all short term, highly liquid unrestricted investments with an original maturity of three months or less to be cash equivalents.

Contributions – Contributions are recognized as revenues in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that restrict the use of the support. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to give – Unconditional promises to give are recognized as contributions revenue in the period the pledge is made and as assets, decreases of liabilities, or expenses depending upon the form of benefits received. Conditional pledges and grants are recognized when the conditions on which they depend are substantially met and become unconditional. Promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows using a rate of return commensurate with the expected risk and term of the promises to give. Based upon experience NSEA expects to fully collect the promises to give.

Grants receivable – Grants receivable are stated at the amount management expects to collect from outstanding balances. Significant portions are from governmental agencies. Management believes these accounts are collectible in full and has not established a valuation allowance account.

Deferred revenue – NSEA has deferred revenue in the form of grants received, but not yet expended.

Cost reimbursement contracts – Revenues under state and federal government cost-reimbursement type contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments may be made by the funding agencies.

Inventory – Inventory consists of large woody debris and root wads from trees purchased from clearing sites. Inventories valued stated at the lower of cost or market and can be retained years before used. The debris is used as restoration site material to restore natural fish habitats, as needed.

Fixed assets, and depreciation – Building, furniture, equipment, and vehicles are carried at cost, or if donated, at the estimated fair market value at the date of donation. Acquisitions in the amount of $2,500 or more are capitalized. Expenditures for maintenance and repairs are charged against operations; renewals and betterments that materially extend the life of the assets are capitalized. Gains or losses on dispositions are included in operations in the year of disposal. Depreciation is computed using a straight-line method over the estimated economic useful lives of the assets. Lives range from 5 to 39 years.

Investments – NSEA participates in a variety of publicly traded investments. These investments include money market funds, bonds, and equity securities. Fair value is determined from readily available quoted market sources where available. Realized gains and losses from the sale of investments are computed based on the difference between the proceeds received and the carrying value and are reported as investment income, net of expenses. Changes in market value result in unrealized gains and losses and are reported separately from investment income.

Fair Value Measurement – In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for fair value measurements. Fair value is defined 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. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows: Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities. Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets. Level 3: Fair values are calculated using pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Functional allocation of expenses – The costs of providing the 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. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, vehicle and equipment, nursery, and supplies, copy and printing, dues and subscriptions, technology, telephone and internet, program and project expenses, and salaries, benefits, and taxes.

Federal income tax status – NSEA is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax on earnings associated with its exempt purpose. Unrelated business income is taxed at regular corporate rates. NSEA had no unrelated business income. At the year ended December 31, 2010, NSEA adopted guidance in FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. The implementation of FASB ASC 740-10 had no impact on NSEA's statement of financial position or statement of activities. NSEA does not believe its financial statements reflect any uncertain tax positions. NSEA's accounting policy requires recording a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. NSEA continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings in determining transactions to be recognized in the financial statements. Tax years subject to audit by the Internal Revenue Service are December 31, 2024, 2023, 2022, and 2021, respectively. Tax years subject to audit by the State of Washington are December 31, 2024, 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

Use of estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Management has evaluated subsequent events through November 25, 2025, the date the financial statements were available to be issued.

Classification changes – Certain items in the 2023 financial statements have been reclassified to conform with the current year presentation. These reclassifications had no net effects on the financial statements.

NOTE 3 – **CONCENTRATIONS**

NSEA maintains cash balances in one financial institution located in Bellingham, Washington. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2024, $32,307 of such deposits, as reflected on the financial institution's records, exceeded the insured limits. There were no uninsured cash balances at December 31, 2023. NSEA maintains money market accounts at investment firms that are not insured by FDIC but are covered by Securities Investor Protector Corporation (SIPC). At December 31, 2024, NSEA's cash balances at investment firms totaled $64,346, and at December 31, 2023, they were $76,408.

NOTE 4 – **LIQUIDITY**

Financial assets available for general expenditure that is without donor or other restrictions limiting their use within one year of the statement of financial position date comprise the following:

	2024	2023
Financial Assets at Year-End		
Cash and cash equivalents	$ 280,647	$ 216,773
NWSRF investments	4,341,962	3,732,884
EW investments	639,598	1,586
Grants receivable	225,449	396,760
Beneficial interest in assets held by Community Foundation	189,432	177,716
Total Financial Assets	5,677,088	4,525,719
Less Amounts Unavailable for General Expenditures Within One Year Due To Contractual or Donor Imposed		
Restrictions by donors for a specific time or purpose	4,370,963	3,610,260
Investments held in trust	189,432	177,716
Financial Assets Available to Meet Cash Needs or General Expenditures Within One Year	**$ 1,116,693**	**$ 737,743**

NOTE 5 – **LINE OF CREDIT**

During the year ended December 31, 2024, NSEA had a $150,000 line of credit. This renewable agreement is secured by NSEA's assets and expires on October 21, 2029. The rate on this line of credit was 8.50% at December 31, 2024 and 10.00% at December 31, 2023.

NOTE 6 – **PENSION PLAN**

NSEA has a defined contribution plan (the Plan) covering all employees who meet the eligibility requirements. NSEA contributes to the Plan each year matching up to 3% of all eligible participants' compensation. Total pension contribution was $30,398 and $25,333 for the years ended December 31, 2024 and 2023, respectively.

NOTE 7 – **DONATED ASSETS AND SERVICES**

Noncash donations such as office space, inventory, and material hauling, and donated marketable securities are recorded at their estimated fair values at the date of donation. Donated services are recorded in compliance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605, at their estimated fair market value at the date of receipt. NSEA received donations of stock valued at $1,038,552 and $753,667 for the years ended December 31, 2024 and 2023, respectively. These are included in contributions in the statement of activities.

Many individuals volunteer their time and perform a variety of tasks that assist NSEA in program services. These services do not meet the criteria for recognition as contributed services and no amounts have been reflected in the accompanying financial statements for those volunteer hours. These volunteer hours do have a value which can be used as in-kind match for grant funding. Hours donated by volunteers totaled 4,422 and 4,533 in 2024 and 2023, respectively.

NOTE 8 – **INVESTMENTS AND FAIR VALUE MEASUREMENT**

At December 31, 2024, investments consisted of the following:

	Cost	Unrealized Gains(Losses)	Fair Value
Cash	$ 655,172	$ -	$ 655,172
Equities	3,960,322	366,066	4,326,388
Total Investments	$ 4,615,494	$ 366,066	$ 4,981,560

At December 31, 2023, investments consisted of the following:

	Cost	Unrealized Gains(Losses)	Fair Value
Cash	$ 76,408	$ -	$ 76,408
Equities	3,544,754	113,308	3,658,062
Total Investments	$ 3,621,162	$ 113,308	$ 3,734,470

NOTE 9 – **BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

Investments held in the investment pool, the Nooksack Salmon Enhancement Endowment, are part of the total NWSRF Endowment fund and are managed by Whatcom Community Foundation (the Foundation). The Foundation was established in 1996 and since its formation has managed funds for many not-for-profit organizations in the Whatcom County area. Realized and unrealized gains and losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. The Foundation's assets are

principally in trusts from which income is distributed to the participating organizations. The Foundation guarantees a minimum 5% return on invested assets for the first year. Thereafter, invested assets may earn a higher rate of return and all earnings in excess of 5% are reinvested in the trusts.

	December 31, 2024	December 31, 2023
Beneficial interest, beginning of year balance	$ 177,716	$ 153,036
Gift income	-	5,250
Interest and dividends	4,332	6,444
Unrealized and realized gains	16,794	21,987
Management fees	(2,667)	(2,418)
Distributions	(6,743)	(6,583)
Beneficial interest, end of year balance	$ 189,432	$ 177,716

NOTE 10 – **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes or periods as of December 31:

	2024	2023
Subject to expenditure for specified purpose or time:		
Habitat Restoration	$ 2,500	$ 42,443
Education	22,891	11,981
Camp Keystone	-	45,485
Monitoring	3,468	-
Operations	-	501
Stewardship	141	-
Endowment corpus	2,838,019	2,448,019
Endowment earnings	1,503,943	1,061,830
Beneficial interest in assets - corpus	105,251	105,251
Beneficial interest in assets - earnings	84,182	72,466
Total net assets with donor restrictions	$ 4,560,395	$ 3,787,976

NOTE 11 – **ENDOWMENT**

NSEA's NWSRF endowment consists of four endowment funds established for salmon recovery, stream restoration, environmental public education, and tree planting, including the salmon enhancement activities of other individuals or organizations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Board of Directors of NSEA has interpreted the Washington State 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 NSEA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NSEA in a

manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, NSEA considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds (1) general economic conditions, (2) the possible effect of inflation and deflation, (3) the expected total return from income and the appreciation of investments, (4) other resources of NSEA, and (5) NSEA's investment policies.

Funds with Deficiencies – From time to time, the fair value of assets associated with the donor restricted endowment fund may fall below the level that the donor or UPMIFA requires NSEA to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were $0 as of December 31, 2024 and 2023. These deficiencies generally result from unfavorable market fluctuations. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level would be classified as an increase in unrestricted net assets.

Return Objectives, Risk Parameters and Strategies – NSEA has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve a long-term rate of growth sufficient to offset normal inflation, administrative fees and management fees (if any), plus reasonable, regular distributions within prudent risk constraints. Endowment assets are invested in a well-diversified asset mix, which includes equity, fixed income securities, and cash equivalents. Investment risk is measured in terms of the total endowment; investment assets and allocation between asset classes and strategies are managed to not expose the endowment to unacceptable levels of risk.

Spending Policy – The distribution rate is calculated in July using the twelve-quarter trailing average working backward from June 30 balance each year. This NSEA IPS policy limits the range of annual distributions between 1% -5% of the twelve-quarter trailing average. The Board will establish the annual distribution rate at the July Board meeting. The annual distributions from the NWSRF, if any, will be paid in twelve equal monthly payments the following year.

Changes in endowment net assets as of December 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Beginning	$ -	$ 1,284,865	$ 2,448,019	$ 3,732,884
Net investment return	-	361,710	-	361,710
Contributions	-	-	390,000	390,000
Appropriation for expenditure	-	(142,632)	-	(142,632)
Ending	$ -	$ 1,503,943	$ 2,838,019	$ 4,341,962

Reconciliation of endowment net assets to total net assets at December 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets	$ -	$ 1,503,943	$ 2,838,019	$ 4,341,962
Beneficial interest in assets held by Community Foundation	-	84,182	105,251	189,433
Non-endowed net assets	-	29,000	-	29,000
Total net assets	$ -	$ 1,617,125	$ 2,943,270	$ 4,560,395

Changes in endowment net assets as of December 31, 2023:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Beginning	$ -	$ 1,098,936	$ 1,590,423	$ 2,689,359
Net investment return	-	331,869	-	331,869
Contributions	-	86,371	857,596	943,967
Appropriation for expenditure	-	(232,311)	-	(232,311)
Ending	$ -	$ 1,284,865	$ 2,448,019	$ 3,732,884

Reconciliation of endowment net assets to total net assets at December 31, 2023:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets	$ -	$ 1,284,865	$ 2,448,019	$ 3,732,884
Beneficial interest in assets held by Community Foundation	-	72,466	105,251	177,717
Non-endowed net assets	-	100,410	-	100,410
Reclassification	-	(223,035)	-	(223,035)
Total net assets	$ -	$ 1,234,706	$ 2,553,270	$ 3,787,976