

WORLD AFFAIRS COUNCIL

Financial Statements
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
World Affairs Council
Seattle, Washington

Opinion

We have audited the accompanying financial statements of World Affairs Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Affairs Council as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of World Affairs Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about World Affairs Council'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 World Affairs Council'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 World Affairs Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Greenwood Ohlund

Seattle, Washington
June 26, 2026

WORLD AFFAIRS COUNCIL

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	\$ 640,540	\$ 633,525
Investments in United States Treasury Bills	224,757	216,051
Contributions and grants receivable	66,500	130,746
Program service fees receivable	17,271	43,981
Prepaid expenses and other assets	25,873	11,492
Total current assets	974,941	1,035,795
Contributions and Grants Receivable, net of current portion	15,000	-
Beneficial Interest in Assets Held by The Seattle Foundation	61,435	53,810
Right-of-Use Asset – Operating Lease	451,219	520,000
Furniture and Equipment, net	12,405	18,772
Total assets	<u>\$ 1,515,000</u>	<u>\$ 1,628,377</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 14,046	\$ 19,647
Accrued payroll and related expenses	12,489	12,260
Operating lease liability	61,673	56,876
Current portion of loan payable	9,661	9,399
Total current liabilities	97,869	98,182
Operating Lease Liability, net of current portion	403,762	472,492
Loan Payable, net of current portion	314,407	324,203
Total liabilities	816,038	894,877
Net Assets		
Without donor restrictions	503,932	590,803
With donor restrictions	195,030	142,697
Total net assets	698,962	733,500
Total liabilities and net assets	<u>\$ 1,515,000</u>	<u>\$ 1,628,377</u>

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCIL

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 422,542	\$ 138,400	\$ 560,942	\$ 265,078	\$ 136,400	\$ 401,478
Government grants	337,606	-	337,606	507,207	-	507,207
Membership dues	167,649	-	167,649	156,373	-	156,373
Program service fees	131,598	-	131,598	206,507	-	206,507
Change in value of beneficial interest in assets	-	7,625	7,625	-	3,955	3,955
Interest income	29,081	-	29,081	38,155	-	38,155
Net assets released from restrictions	93,692	(93,692)	-	143,581	(143,581)	-
Total support and revenue	1,182,168	52,333	1,234,501	1,316,901	(3,226)	1,313,675
Expenses						
Program services	1,004,109	-	1,004,109	1,324,540	-	1,324,540
Management and general	129,494	-	129,494	122,851	-	122,851
Fundraising	135,436	-	135,436	62,345	-	62,345
Total expenses	1,269,039	-	1,269,039	1,509,736	-	1,509,736
Change in net assets	(86,871)	52,333	(34,538)	(192,835)	(3,226)	(196,061)
Net Assets, beginning of year	590,803	142,697	733,500	783,638	145,923	929,561
Net Assets, end of year	\$ 503,932	\$ 195,030	\$ 698,962	\$ 590,803	\$ 142,697	\$ 733,500

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2025 and 2024

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll, taxes, and benefits	\$ 663,634	\$ 92,053	\$ 120,803	\$ 876,490	\$ 723,297	\$ 84,943	\$ 49,910	\$ 858,150
Program supplies and events	120,447	-	-	120,447	276,428	-	-	276,428
Occupancy	77,064	4,367	6,915	88,346	100,132	4,661	6,096	110,889
Travel	69,580	359	714	70,653	123,823	351	980	125,154
Information technology	24,810	1,497	2,502	28,809	23,182	798	1,051	25,031
Professional fees	-	16,700	-	16,700	-	16,450	-	16,450
Other	12,487	2,604	1,600	16,691	16,798	1,338	1,497	19,633
Insurance	13,358	768	1,228	15,354	13,248	582	728	14,558
Office expenses	10,461	1,708	963	13,132	12,902	1,169	519	14,590
Interest	-	9,054	-	9,054	-	9,133	-	9,133
Dues and subscriptions	6,728	66	202	6,996	10,322	57	181	10,560
Depreciation	5,540	318	509	6,367	7,755	2,637	468	10,860
Small equipment	-	-	-	-	16,653	732	915	18,300
Total expenses	<u>\$ 1,004,109</u>	<u>\$ 129,494</u>	<u>\$ 135,436</u>	<u>\$ 1,269,039</u>	<u>\$ 1,324,540</u>	<u>\$ 122,851</u>	<u>\$ 62,345</u>	<u>\$ 1,509,736</u>

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCIL

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash received from donors and members	\$ 1,115,443	\$ 1,020,853
Cash received from customers	158,308	189,633
Cash received from interest	29,081	38,155
Cash paid to employees	(876,261)	(858,335)
Cash paid to vendors	(392,262)	(637,309)
Cash paid for interest	(9,054)	(9,133)
Net cash flows from operating activities	25,255	(256,136)
Cash Flows from Investing Activities		
Purchases of furniture and equipment	-	(8,153)
Purchases of United States Treasury Bills	(8,706)	(9,474)
Net cash flows from investing activities	(8,706)	(17,627)
Cash Flows from Financing Activity		
Repayments of loan payable	(9,534)	(9,455)
Net change in cash and cash equivalents	7,015	(283,218)
Cash and Cash Equivalents, beginning of the year	633,525	916,743
Cash and Cash Equivalents, end of the year	<u>\$ 640,540</u>	<u>\$ 633,525</u>

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The World Affairs Council (the Council) was founded in 1951 to advance global understanding and cultivate enduring relationships within our local community and with the world, one conversation at a time. We envision an inclusive and informed community that is inspired to create a just and equitable world. The Council has long dedicated itself to fostering dialogue and debate about critical global issues. This is achieved through public events, Global Classroom programming for K-12 educators and students, and citizen diplomacy initiatives that engage international delegations with our community. Our nonpartisan platform connects civic, academic, corporate, and individual members around international issues that affect us locally. We are part of a vibrant global city; our work ensures that greater Seattle is visible, engaged, and globally aware.

Use of Estimates

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

Financial Statement Presentation

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

Net Assets without and with Donor Restrictions

Net assets without donor restrictions are available for support of the Council's operations. Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions also represent gifts received with the intent that the principal will be maintained intact into perpetuity and the income may be used for current operations.

Net assets with perpetual restrictions consist entirely of a beneficial interest in a perpetual trust held by The Seattle Foundation at December 31, 2025 and 2024. Changes in the fair value of the beneficial interest in a perpetual trust increase or decrease net assets with donor restrictions. Distributions from the perpetual trust are recognized as investment return to be used to support general operations.

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WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions are available for the following purposes at December 31:

	2025	2024
Net assets with temporary donor restrictions		
Japanese Connections	\$ 78,595	\$ 63,887
Global Classroom	35,000	20,000
Time	20,000	
Capacity building	-	5,000
Net assets with perpetual donor restrictions		
Beneficial interest in assets held by The Seattle Foundation	61,435	53,810
	<u>\$ 195,030</u>	<u>\$ 142,697</u>

Cash and Cash Equivalents

Cash consists of checking and money market accounts held at financial institutions and investment holdings with original maturities of three months or less. On occasion, the Council has cash balances in excess of federally insured limits. The Council has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Fair Value Measurements

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

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

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

Investments at December 31, 2025, and 2024, consist of United States Treasury Bills and are valued using Level 1 observable market inputs.

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Receivables

Contributions and grants receivable expected to be collected within one year are recorded at net realizable value. The Council uses the allowance method of accounting for bad debts. Accordingly, contributions and grants receivable are stated at the amount management expects to collect. Management determined that an allowance was not necessary at December 31, 2025 or 2024.

At December 31, 2025 and 2024, 37% and 48%, respectively, of contributions and grants receivable are due from one donor.

Program service fees receivable are earned from customers for services provided. The Council assesses the need for an allowance on its program service fees receivable in the same manner as its contributions receivable. Management determined that an allowance was not necessary at December 31, 2025 or 2024.

Leases

The Council determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position.

ROU assets represent the Council's right to use an underlying asset for the lease term, and lease liabilities represent the Council's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred, and these leases are not included as ROU assets or lease liabilities on the statements of financial position. The lease contract does not provide information about the discount rate implicit in the lease. Therefore, the Council has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Furniture and Equipment

Furniture and equipment are recorded at cost, if purchased, or at fair value at the date of receipt, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (five years). The Council's policy is to capitalize assets with a cost or donated value greater than \$3,000 and a useful life in excess of one year. Furniture and equipment is presented net of accumulated depreciation of \$61,992 and \$60,999 at December 31, 2025 and 2024, respectively.

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition

Contribution revenue is recognized when unconditionally pledged as with donor restrictions or without donor restrictions, depending on the existence or absence of any donor restrictions. Conditional promises to give, that is, those with a measurable performance-related barrier or other measurable barrier and a right of return, are not recognized until the conditions on which they depend have been met.

During the year ended December 31, 2025, the Council received contributions from board members totaling \$118,442. At December 31, 2025, contributions and grants receivable from these board members totaled \$31,750. During the year ended December 31, 2024, the Council received grants from an organization totaling \$183,196, in which an officer of the Council served as a board member. At December 31, 2024 contributions and grants receivable from this organization totaled \$2,841.

Revenue from government grants, like contributions, are recorded when conditions are met. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can be first reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2025 and 2024, no such adjustments were made.

During the years ended December 31, 2025 and 2024, 16% and 14%, respectively, of the Council's total support and revenue was received from one donor.

Membership revenue is considered contributory, as little to no exchange of goods or services exists, and thus is recognized at the time of registration.

Program service fees consist of revenue from exchange and leadership programs, educational resources, community events, and rebates. Revenue from program service fees is recognized over time using the output method as the related services are provided and the performance obligation is satisfied (ratably over the program period). The transaction price for services is based on published rates, and payments are typically collected after services have been provided. There are no significant judgments affecting the determination of the amount and timing of recognition of program service fee revenue.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Occupancy and depreciation are allocated based on estimates of space supporting those functions. Payroll, taxes, and benefits, travel, and other are allocated based on estimates of time and effort.

Income Tax Status

The Council is a tax-exempt organization under the provisions of the Internal Revenue Code Section 501(c)(3).

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

The Council has evaluated subsequent events through the date these financial statements were available to be issued, which was June 26, 2026.

Note 2 – Liquidity and Availability of Resources

The Council strives to maintain liquid financial assets sufficient to cover expected budgetary needs. Financial assets in excess of daily cash requirements are held in cash and cash equivalents and United States Treasury Bills.

The following table reflects the Council's financial assets as of December 31, 2025 and 2024, available to meet general expenditures within one year of the statement of financial position date:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 640,540	\$ 633,525
Investments in United States Treasury Bills	224,757	216,051
Contributions and grants receivable	81,500	130,746
Program service fees receivable	17,271	43,981
	964,068	1,024,303
Less: Amounts not available to be used within one year		
Net assets with temporary donor restrictions	(133,595)	(68,887)
	<u>\$ 830,473</u>	<u>\$ 955,416</u>

Note 3 – Beneficial Interest in Assets Held by the Seattle Foundation

The Council has a beneficial interest in assets (the Beneficial Interest) held by The Seattle Foundation (the Foundation). The Beneficial Interest is stated at the fair value of the underlying investments (cash and marketable securities) as provided by the Foundation, which constitute Level 3 inputs using the market approach.

Created in 2002 from donor-restricted contributions, the Beneficial Interest (a perpetual trust) and its contributions and change in value are perpetually restricted, and distributions support general operations of the Council. The timing and amount of the distributions are determined based on the Foundation's spending policy.

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

A reconciliation of the beginning and ending balances of the Beneficial Interest is as follows for the years ending December 31:

	2025	2024
Balance, beginning of year	\$ 53,810	\$ 49,855
Change in value	7,625	3,955
Balance, end of year	<u>\$ 61,435</u>	<u>\$ 53,810</u>

The Beneficial Interest is invested in the Foundation's balanced pool portfolio. The balanced pool reflects a total return approach to investing and is focused on maximizing income while maintaining an efficient and well diversified portfolio for donors with at least a 10-year giving horizon. As the best performing asset class varies from year to year, this diversified portfolio benefits philanthropists by maintaining consistent exposures to all asset categories. Assets will be subject to an optimized amount of capital market volatility in order to achieve targeted long-term return objectives.

Note 4 – Loan Payable

The Council maintains a loan payable under the Small Business Administration Economic Injury Disaster Loan program, bearing interest at 2.75%. The loan requires monthly principal and interest payments of \$1,549 through maturity in May 2050, when all outstanding principal and interest is due. The loan is secured by generally all tangible property of the Council.

Future minimum principal payments required on the loan are as follows for the years ending December 31:

2026	\$ 9,661
2027	9,930
2028	10,206
2029	10,490
2030	10,783
Thereafter	<u>272,998</u>
	324,068
Less: Current portion	<u>(9,661)</u>
	<u>\$ 314,407</u>

Note 5 – Operating Lease

The Council leases its office space under an operating lease with a term through September 2031. The lease provides for annual increases in future minimum monthly rental payments and requires the Council to pay a share of building operating costs.

Operating lease costs (excluding the Council's share of building operating costs) under this lease totaled \$88,004 and \$69,614 for the years ended December 31, 2025 and 2024, respectively, and are included within occupancy in the statements of functional expenses. Net operating cash flows for this lease totaled \$82,924 and \$54,774 for the years ended December 31, 2025 and 2024, respectively.

WORLD AFFAIRS COUNCIL

NOTES TO FINANCIAL STATEMENTS

Future annual rent payments as of December 31, 2025 are as follows for the years ending December 31:

2026	\$	85,411
2027		87,974
2028		90,613
2029		93,331
2030		96,131
2031		<u>66,777</u>
		520,237
Less: Imputed interest (at 3.84%)		<u>(54,802)</u>
	\$	<u><u>465,435</u></u>

Operating lease liabilities are presented in the statements of financial position as follows at December 31:

	<u>2025</u>	<u>2024</u>
Operating lease liabilities (current)	\$ 61,673	\$ 56,876
Operating lease liabilities, net of current portion	<u>403,762</u>	<u>472,492</u>
	<u><u>\$ 465,435</u></u>	<u><u>\$ 529,368</u></u>