EASTERN WEST VIRGINIA
COMMUNITY FOUNDATION

Martinsburg, West Virginia

FINANCIAL REPORT

DECEMBER 31, 2022

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastern West Virginia Community Foundation
Martinsburg, West Virginia

Opinion

We have audited the accompanying financial statements of Eastern West Virginia Community Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the change 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 (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
April 3, 2023

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Financial Position
December 31, 2022 and 2021

Assets	**2022**	**2021**
Cash and cash equivalents	$ 390,218	$ 450,965
Note receivable	200,000	200,000
Investments, at fair value	33,329,065	38,700,863
Investment in real estate	240,000	- -
Beneficial interest in split-interest agreements	76,598	98,076
Beneficial interest in residual trust	799,363	1,032,197
Life insurance policy, cash surrender value	37,117	36,615
Property and equipment, net	1,165	2,337
Total assets	$ 35,073,526	$ 40,521,053
Liabilities		
Accounts payable and accrued expenses	$ - -	$ 10
Grants payable	102,412	131,486
Agency endowment funds	2,423,933	2,660,602
Notes payable	50,000	- -
Total liabilities	$ 2,576,345	$ 2,792,098
Net Assets		
Net assets without donor restrictions:		
Community endowment	$ 1,019,013	$ 1,214,971
Donor advised endowment	9,594,738	11,613,949
Designated endowment	6,297,182	7,060,290
Field of interest endowment	7,917,072	8,844,492
Scholarship endowment	5,221,616	5,956,463
Unrestricted endowment	15,167	27,100
Unrestricted funds not designated	1,556,432	1,881,417
Total net assets without donor restrictions	$ 31,621,220	$ 36,598,682
Net assets with donor restrictions	875,961	1,130,273
Total net assets	$ 32,497,181	$ 37,728,955
Total liabilities and net assets	$ 35,073,526	$ 40,521,053

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains:			
Contributions			
Contributed financial assets	$ 1,971,281	$ - -	$ 1,971,281
Contributed non-financial assets	209,500	- -	209,500
Special events	16,500	- -	16,500
Investment return, net	(5,537,425)	- -	(5,537,425)
Miscellaneous income	1,212	- -	1,212
Total revenues and gains	$ (3,338,932)	$ - -	$ (3,338,932)
Expenses:			
Grants and distributions	$ 1,241,018	$ - -	$ 1,241,018
Program expenses	40,537	- -	40,537
Communications and outreach	18,308	- -	18,308
Salaries, taxes and benefits	263,318	- -	263,318
Other support services	17,503	- -	17,503
Accounting and legal	33,650	- -	33,650
Insurance	10,148	- -	10,148
Occupancy	12,654	- -	12,654
Depreciation	1,171	- -	1,171
Travel	223	- -	223
Total expenses	$ 1,638,530	$ - -	$ 1,638,530
Excess of expenses over revenues before other changes in net assets	$ (4,977,462)	$ - -	$ (4,977,462)
Other changes in net assets, split-interest actuarial adjustment	- -	(254,312)	(254,312)
Change in net assets	$ (4,977,462)	$ (254,312)	$ (5,231,774)
Net assets, beginning of year	36,598,682	1,130,273	37,728,955
Net assets, end of year	$ 31,621,220	$ 875,961	$ 32,497,181

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains:			
Contributions			
Contributed financial assets	$ 2,000,536	$ - -	$ 2,000,536
Contributed non-financial assets	14,250	- -	14,250
Special events	17,750	- -	17,750
Investment return, net	4,119,675	- -	4,119,675
Miscellaneous income	146	- -	146
Total revenues and gains	$ 6,152,357	$ - -	$ 6,152,357
Expenses:			
Grants and distributions	$ 992,762	$ - -	$ 992,762
Program expenses	41,195	- -	41,195
Communications and outreach	2,578	- -	2,578
Salaries, taxes and benefits	224,004	- -	224,004
Other support services	9,300	- -	9,300
Accounting and legal	28,150	- -	28,150
Insurance	2,778	- -	2,778
Occupancy	9,866	- -	9,866
Depreciation	1,310	- -	1,310
Total expenses	$ 1,311,943	$ - -	$ 1,311,943
Excess of revenues over expenses before other changes in net assets	$ 4,840,414	$ - -	$ 4,840,414
Other changes in net assets, split-interest actuarial adjustment	- -	68,223	68,223
Change in net assets	$ 4,840,414	$ 68,223	$ 4,908,637
Net assets, beginning of year	31,758,268	1,062,050	32,820,318
Net assets, end of year	$ 36,598,682	$ 1,130,273	$ 37,728,955

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (5,231,774)	$ 4,908,637
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,171	1,310
Split-interest actuarial adjustment	254,312	(68,223)
Unrealized (gain) from life insurance policy	(502)	(1,948)
Net realized and unrealized loss (gain) on investments	6,329,751	(3,248,970)
Donated value of real estate	(190,000)	- -
Donated value of securities	(68,048)	(357,506)
Changes in assets and liabilities:		
(Decrease) in accounts payable and accrued expenses	(10)	(10,799)
(Decrease) in grants payable	(29,074)	(183,228)
(Decrease) increase in agency endowment funds	(236,669)	255,031
Net cash provided by operating activities	$ 829,157	$ 1,294,304
Cash Flows from Investing Activities		
Proceeds from sale of investments	$ 20,905,073	$ 13,263,317
Purchase of investment securities	(21,794,977)	(14,460,657)
Net cash (used in) investing activities	$ (889,904)	$ (1,197,340)
Net (decrease) increase in cash and cash equivalents	$ (60,747)	$ 96,964
Cash and Cash Equivalents		
Beginning	450,965	354,001
Ending	$ 390,218	$ 450,965
Supplemental Disclosure of Cash Flow Information		
In-kind services	$ 19,500	$ 14,250
In-kind real estate	$ 190,000	$ - -
Supplemental Disclosure of Noncash Investing Activities,		
donated securities	$ 68,048	$ 357,506

See Notes to Financial Statements.

Note 1. Nature of Business

Eastern West Virginia Community Foundation (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation is responsible for charitable funds and the income generated by the funds of many donors. The Foundation is committed to improving the quality of life and to serving the general charitable and educational needs of the inhabitants of Eastern West Virginia and adjoining states through charitable grants at the discretion of the Board.

Note 2. Significant Accounting Policies

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Recently Adopted Accounting Pronouncement

Leases

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Foundation adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Foundation has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Foundation's historical accounting treatment under ASC Topic 840, Leases.

The Foundation elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Foundation does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Foundation has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

The Foundation made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Foundation has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Foundation, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 did not result in the recording of ROU assets and lease liabilities at January 1, 2022. The adoption of the new lease standard did not impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. ASU 2020-07 is effective for the Foundation for its year ended December 31, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as a separate line item in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restriction, and valuation techniques for the nonfinancial assets received. The Foundation enhanced its disclosures to adhere to the new standard.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation's cash is maintained at two commercial banks located in West Virginia, which, at times, may exceed the federally insured limits. The Foundation has not experienced any losses on such accounts.

Investments and Investment Return

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment return is reflected in the statement of activities, net of any fees.

Property and Equipment

All purchases of property and equipment have been recorded at cost. Property and equipment that is donated to the Foundation is stated at its fair market value at the time of donation. Depreciation is determined by the straight-line method. The estimated useful life for furniture and fixtures is seven years. Estimated useful life for software is three years. Depreciation expense was $1,171 and $1,310 for the years ended December 31, 2022 and 2021, respectively.

Grants Payable

Grants are recorded as expenses when they are approved by the Board.

Agency Endowment Funds

Agency endowment funds are established for transactions in which a community foundation accepts a contribution from a charitable agency donor and agrees to transfer those assets, the return on investment of those assets or both back to the charitable agency donor.

The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. Corresponding liability accounts have been established for these funds.

Revenue Recognition

Revenue Recognition Methodology for Exchange Transactions

For exchange transactions, the Foundation recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

Revenue Recognition Methodology for Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged.

The Foundation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

Gifts of property and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give or refundable advances as of December 31, 2022 and 2021. Investments received by gift are recorded at market value at the date of the donation.

Donor-restricted contributions whose restrictions are met in the same year as received are classified as contributions without donor restriction in the accompanying financial statements.

Revenue Streams

The Foundation receives various sources of revenue. Contributions are recognized when received. The Foundation recognizes revenue for special events when the event is held.

Allocation Methodology for the Schedules of Functional Expenses

The costs of providing program services and other activities are summarized on a functional basis in the schedules of functional expenses. Certain costs have been allocated among program services, management and general, and fundraising. Such allocations have been made by management on an equitable basis. The expenses that were allocated included the following:

Expense	Methodology
Grants and distributions	Direct cost
Salaries, taxes and benefits	Employee time and effort
Program expenses	Direct cost
Communications and outreach	Direct cost
Other support services	Employee time and effort
Accounting and legal	Direct cost
Insurance	Direct cost
Occupancy	Direct cost
Depreciation	Employee time and effort
Travel	Direct cost and employee time and effort

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

> Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Investments in Real Estate

The fair market value of investments in real estate is based on the estimated selling price of the property.

Beneficial Interest in Split-Interest Agreements

The fair value of split interest agreements is based on the present value of the future distributions to be received by the Foundation as a beneficiary.

Beneficial Interest in Residual Trust

The fair value of residual trusts is based on a specified percentage of the trust’s fair market value as determined annually.

Life Insurance

The value of the life insurance is based on the cash surrender value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Net Assets

The Foundation reports information regarding its financial position and activities according to the "net asset" concept. Net assets are segregated among two categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consists of net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors. Net assets with donor restrictions consist of net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Factors considered in the determination of net asset classification include:

- The Foundation's articles of incorporation, by-laws and the terms of various predecessor trusts, allow the respective Board the power to use the principal amount of gifts.
- The Foundation has been granted unilateral variance power to modify restrictions or conditions on the distribution of funds if, in its sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the needs of the community.

Note 4. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions as of December 31, 2022 and 2021 were as follows:

	2022	2021
Beneficial interest in split-interest agreements	$ 76,598	$ 98,076
Beneficial interest in residual trust	799,363	1,032,197
	$ 875,961	$ 1,130,273

Note 5. Liquidity and Availability of Resources

The Foundation had the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. In the case of unexpected cash needs, there are funds available from a board-designated administrative endowment that is included in the designated endowment category below; $51,260 is available from that fund for use in the next 12 months. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

	2022	2021
Financial assets, at year-end:		
Cash and cash equivalents	$ 390,218	$ 450,965
Investments	33,569,065	38,700,863
Total financial assets	$ 33,959,283	$ 39,151,828
Less amounts not available to be used within one year:		
Agency endowment funds	$ 2,423,933	$ 2,660,602
Community endowment	1,019,013	1,214,971
Donor advised endowment	9,594,738	11,613,949
Designated endowment	6,297,182	7,060,290
Field of interest endowment	7,917,072	8,844,492
Scholarship endowment	5,221,616	5,956,463
Unrestricted endowment	15,167	27,100
	$ 32,488,721	$ 37,377,867
Financial assets available to meet cash needs for general expenditures within one year	$ 1,470,562	$ 1,773,961

Note 6. Note Receivable

On September 30, 2018, the Foundation issued a non-revolving loan of $200,000 to a nonprofit corporation to be distributed and used to support entrepreneurial efforts in any or all of the five West Virginia counties served by the Foundation: Jefferson, Berkeley, Morgan, Hampshire, and Hardy. The note matures on September 30, 2023 with an interest rate of 3.5%. Interest only payments are due annually on the anniversary date of the note. Principal is payable in full at the date of maturity.

Note 7. Investments and Investment Return

Investments, including endowment as well as other funds, as of December 31, 2022 and 2021 were as follows:

	2022		
Summary by Type of Investment	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash	$ 958,029	$ 958,028	$ (1)
Fixed income securities	9,863,016	9,128,453	(734,563)
Equities	10,414,834	11,156,838	742,004
Mutual funds	12,492,380	12,085,746	(406,634)
Real Estate	240,000	240,000	- -
	$ 33,968,259	$ 33,569,065	$ (399,194)

	2021		
Summary by Type of Investment	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash	$ 791,174	$ 791,174	$ - -
Fixed income securities	10,064,882	10,053,611	(11,271)
Equities	9,460,281	13,762,589	4,302,308
Mutual funds	10,824,779	14,093,489	3,268,710
	$ 31,141,116	$ 38,700,863	$ 7,559,747

Investment return, net consisted of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividend income	$ 894,301	$ 982,205
Realized gains	1,168,925	3,123,540
Unrealized (loss) gain	(7,498,676)	125,430
Investment fees	(101,975)	(111,500)
	$ (5,537,425)	$ 4,119,675

Note 8. Property and Equipment

At December 31, 2022 and 2021, the property and equipment consisted of the following:

	2022	2021
Software	$ 40,945	$ 40,945
Furniture and fixtures	12,322	12,322
Less accumulated depreciation	(52,102)	(50,930)
	$ 1,165	$ 2,337

Note 9. Funds Held as Agency Endowments

The following table summarizes activity in agency endowment funds for the years ended December 31, 2022 and 2021.

	2022	2021
Agency endowment fund balance at the beginning of the year	$ 2,660,602	$ 2,405,571
Amounts raised	243,139	18,924
Interest and dividends	68,172	72,973
Unrealized and realized (losses) gains	(459,506)	243,521
Loss on sale of asset	- -	(115)
Expenses	(88,474)	(80,272)
Agency endowment fund balance at the end of the year	$ 2,423,933	$ 2,660,602

Note 10. Administrative Income

The Foundation's policy is to assess each component fund a total annual fee up to two percent. The fee is calculated and assessed monthly based on current fair market value. Such amounts are transferred to an unrestricted discretionary fund to offset administrative costs.

Note 11. Contributed Nonfinancial Assets

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

The Foundation received the following contributed services and non-financial assets during the years ended December 31, 2022 and 2021, which are included in the statements of activities:

	2022	2021
Legal services	$ 19,500	$ 14,250
Real estate	190,000	- -
	$ 209,500	$ 14,250

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed legal services are provided by attorneys who advise on various general legal matters. Contributed legal services are used for program activities and are recognized at fair value based on current rates for similar legal services.

The Foundation also received donated real estate during the year. Value is set on the statement of financial position at the estimated selling price less the expected remaining mortgage to be paid by the Foundation.

The Foundation does not have a policy to monetize any contributed non-financial assets received; the Foundation intends to use any other in-kind contributions for its program and support services.

Note 12. Legacies Not Yet Recognizable

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts will be recognized in the financial statements when clear title is established, and the proceeds are measurable.

Note 13. Split-Interest Agreements and Residual Trusts

The Foundation is the named beneficiary of various split-interest agreements and trusts. The Foundation's policy is to record the present values of their remainder interest when they learn of the agreement, the terms of the agreement are irrevocable, and the value can be readily determined. Amortization of the discount associated with the contribution and other changes in actuarial assumptions or life expectancies are recognized as a split-interest actuarial adjustment in the statement of activities. For the years ended December 31, 2022 and 2021, the split-interest actuarial adjustment amounted to ($254,312) and $68,223, respectively.

A split-interest agreement (or charitable remainder trust) provides for the payment of distributions to the grantor or other non-charitable beneficiary for a term of years or designated beneficiary's lifetime. At the end of the trust term, the remaining assets are paid to the Foundation. These agreements are administered by third-party trustees. The portion of the trust attributable to the present value of the remainder interest is recorded in the statement of activities as net assets with donor restrictions, depending on the trust terms. There were no new agreements established in 2022 or 2021. The remainder value of these agreements as of December 31, 2022 and 2021 was $76,598 and $98,076, respectively, and is recorded in the statements of financial position as "Beneficial interest in split-interest agreements."

The Foundation is also a 50% beneficiary of an irrevocable residual trust whereby the income beneficiary is not entitled to any distributions of principal. The Foundation's beneficial interest in this residual trust was $799,363 and $1,032,197 as of December 31, 2022 and 2021, respectively, and is revalued annually.

Note 14. Life Insurance Policy

In November 2011, the Foundation received a contribution of a life insurance policy for which it is the beneficiary. The life insurance policy is reported at its cash surrender value. The value as of December 31, 2022 and 2021 was $37,117 and $36,615, respectively.

Note 15. Fair Value Measurements

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Cash	$ 958,028	$ - -	$ - -	$ 958,028
Fixed income securities	9,128,453	- -	- -	9,128,453
Equities	11,156,838	- -	- -	11,156,838
Mutual funds	12,085,746	- -	- -	12,085,746
Beneficial interest in split-interest agreements	- -	- -	76,598	76,598
Beneficial interest in residual trust	- -	799,363	- -	799,363
Life insurance policy, cash surrender value	- -	37,117	- -	37,117
Real estate	- -	240,000	- -	240,000
	$ 33,329,065	$ 1,076,480	$ 76,598	$34,482,143

	2021			
	Level 1	Level 2	Level 3	Total
Cash	$ 791,174	$ - -	$ - -	$ 791,174
Fixed income securities	10,053,611	- -	- -	10,053,611
Equities	13,762,589	- -	- -	13,762,589
Mutual funds	14,093,489	- -	- -	14,093,489
Beneficial interest in split-interest agreements	- -	- -	98,076	98,076
Beneficial interest in residual trust	- -	1,032,197	- -	1,032,197
Life insurance policy, cash surrender value	- -	36,615	- -	36,615
	$ 38,700,863	$ 1,068,812	$ 98,076	$39,867,751

The table below sets forth a summary of changes in the fair value of the Foundation's level 3 investment assets:

	2022	2021
Balance - beginning of year	$ 98,076	$ 96,356
Other changes in beneficial interests	(21,478)	1,720
	$ 76,598	$ 98,076

Note 16. Schedules of Functional Expenses

Expenses by functional and natural classification for the years ended December 31, 2022 and 2021 were as follows:

	2022			
	Program Services	Management and General	Fundraising	Total
Grants and distributions	$ 1,241,018	$ - -	$ - -	$ 1,241,018
Salaries, taxes and benefits	188,383	72,613	2,322	263,318
Program expenses	40,537	- -	- -	40,537
Communications and outreach	18,308	- -	- -	18,308
Other support services	12,522	4,827	154	17,503
Accounting and legal	19,500	14,150	- -	33,650
Insurance	- -	10,148	- -	10,148
Occupancy	12,654	- -	- -	12,654
Depreciation	838	323	10	1,171
Travel	159	62	2	223
	$ 1,533,919	$ 102,123	$ 2,488	$ 1,638,530

	2021			
	Program Services	Management and General	Fundraising	Total
Grants and distributions	$ 992,762	$ - -	$ - -	$ 992,762
Salaries, taxes and benefits	160,879	59,984	3,141	224,004
Program expenses	41,195	- -	- -	41,195
Communications and outreach	2,578	- -	- -	2,578
Other support services	6,679	2,490	131	9,300
Accounting and legal	14,250	13,900	- -	28,150
Insurance	- -	2,778	- -	2,778
Occupancy	9,866	- -	- -	9,866
Depreciation	941	351	18	1,310
	$ 1,229,150	$ 79,503	$ 3,290	$ 1,311,943

Note 17. Related Parties

The Foundation utilizes communication services with a company where a member of the Board is in a key leadership position. Amounts paid to the related party for communications services totaled $9,200 for the year ended December 31, 2022. As of December 31, 2021 there were no payments to the related party as the contract for services began May 1, 2022.

Note 18. Subsequent Events

On December 15, 2022, the Foundation was gifted a house with an investment value of $240,000 included on the Statement of Financial Position. The house was sold on March 10, 2023 with a sale price of $260,000.

The Foundation has evaluated all subsequent events through April 3, 2023, the date the financial statements were available to be issued. The Foundation has determined there are no other subsequent events that require recognition or disclosure.