

**EASTERN WEST VIRGINIA
COMMUNITY FOUNDATION**

Martinsburg, West Virginia

FINANCIAL REPORT

DECEMBER 31, 2023

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4 and 5
Statements of cash flows	6
Notes to financial statements	7-19



50 S. Cameron St,
Winchester, VA 22601

540.662.3417

YHBcpa.com

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, 2023 and 2022, 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, 2023 and 2022, 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 11, 2024

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 148,423	\$ 390,218
Prepaid expenses	5,000	--
Note receivable	--	200,000
Investments, at fair value	38,740,335	33,329,065
Investment in real estate	--	240,000
Beneficial interest in split-interest agreements	81,615	76,598
Beneficial interest in residual trust	847,481	799,363
Life insurance policy, cash surrender value	37,586	37,117
Property and equipment, net	263	1,165
Total assets	\$ 39,860,703	\$ 35,073,526
Liabilities		
Accounts payable and accrued expenses	\$ 546	\$ --
Grants payable	79,780	102,412
Agency endowment funds	2,742,568	2,423,933
Notes payable	--	50,000
Total liabilities	\$ 2,822,894	\$ 2,576,345
Net Assets		
Net assets without donor restrictions:		
Community endowment	\$ 1,149,425	\$ 1,019,013
Donor advised endowment	10,329,457	9,594,738
Designated endowment	7,294,471	6,297,182
Field of interest endowment	9,490,787	7,917,072
Scholarship endowment	6,024,978	5,221,616
Unrestricted endowment	35,686	15,167
Unrestricted funds not designated	1,783,909	1,556,432
Total net assets without donor restrictions	\$ 36,108,713	\$ 31,621,220
Net assets with donor restrictions	929,096	875,961
Total net assets	\$ 37,037,809	\$ 32,497,181
Total liabilities and net assets	\$ 39,860,703	\$ 35,073,526

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains			
Contributions			
Contributed financial assets	\$ 1,516,225	\$ --	\$ 1,516,225
Contributed non-financial assets	16,320	--	16,320
Special events	4,600	--	4,600
Investment return, net	4,645,306	--	4,645,306
Miscellaneous income	22,169	--	22,169
Total revenues and gains	\$ 6,204,620	\$ --	\$ 6,204,620
Expenses			
Grants and distributions	\$ 1,260,363	\$ --	\$ 1,260,363
Program expenses	49,249	--	49,249
Communications and outreach	21,410	--	21,410
Salaries, taxes and benefits	318,371	--	318,371
Other support services	14,953	--	14,953
Accounting and legal	30,826	--	30,826
Insurance	7,189	--	7,189
Occupancy	13,618	--	13,618
Depreciation	903	--	903
Travel	245	--	245
Total expenses	\$ 1,717,127	\$ --	\$ 1,717,127
Excess of revenues over expenses before other changes in net assets	\$ 4,487,493	\$ --	\$ 4,487,493
Other changes in net assets, split-interest actuarial adjustment	--	53,135	53,135
Change in net assets	\$ 4,487,493	\$ 53,135	\$ 4,540,628
Net assets, beginning of year	31,621,220	875,961	32,497,181
Net assets, end of year	\$ 36,108,713	\$ 929,096	\$ 37,037,809

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 revenues over expenses 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

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 4,540,628	\$ (5,231,774)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	903	1,171
Split-interest actuarial adjustment	(53,135)	254,312
Unrealized (gain) from life insurance policy	(469)	(502)
(Gain) on sale of real estate	(20,081)	--
Net realized and unrealized (gain) loss on investments	(3,787,160)	6,329,751
Donated value of real estate	--	(190,000)
Donated value of securities	(97,782)	(68,048)
Changes in assets and liabilities:		
(Increase) in prepaid expenses	(5,000)	--
Decrease in notes receivable	200,000	--
Increase (decrease) in accounts payable and accrued expenses	546	(10)
(Decrease) in grants payable	(22,632)	(29,074)
Increase (decrease) increase in agency endowment funds	318,635	(236,669)
Net cash provided by operating activities	\$ 1,074,453	\$ 829,157
Cash Flows from Investing Activities		
Proceeds from sale of investments	\$ 16,060,101	\$ 20,905,073
Purchase of investment securities	(17,586,430)	(21,794,977)
Proceeds from sale of investment in real estate	210,081	--
Net cash (used in) investing activities	\$ (1,316,248)	\$ (889,904)
Net (decrease) in cash and cash equivalents	\$ (241,795)	\$ (60,747)
Cash and Cash Equivalents		
Beginning	390,218	450,965
Ending	\$ 148,423	\$ 390,218
Supplemental Disclosure of Cash Flow Information		
In-kind services and other	\$ 16,320	\$ 19,500
In-kind real estate	\$ --	\$ 190,000
Supplemental Disclosure of Noncash Investing Activities,		
donated securities	\$ 97,782	\$ 68,048

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

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

Effective January 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The ASU replaces the incurred loss impairment methodology with a current expected credit losses model for all financial assets measured at amortized cost. The Foundation adopted the standard using a modified retrospective approach as of the effective date. No cumulative-effect adjustment to net assets was required. The adoption of the standard did not have a material impact on the financial statements.

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.

Investments include cash and cash equivalents which are expected to be converted to investments. These assets are excluded from cash and cash equivalents on the statements of financial position.

Notes to Financial Statements

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 \$903 and \$1,171 for the years ended December 31, 2023 and 2022, 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.

Notes to Financial Statements

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, 2023 and 2022. 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	Employee time and effort

Notes to Financial Statements

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.

Notes to Financial Statements

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.

Notes to Financial Statements

Note 4. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions as of December 31, 2023 and 2022 were as follows:

	2023	2022
Beneficial interest in split-interest agreements	\$ 81,615	\$ 76,598
Beneficial interest in residual trust	847,481	799,363
	\$ 929,096	\$ 875,961

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; \$69,872 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.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 148,423	\$ 390,218
Investments	38,740,335	33,569,065
Total financial assets	\$ 38,888,758	\$ 33,959,283
Less amounts not available to be used within one year:		
Agency endowment funds	\$ 2,742,568	\$ 2,423,933
Community endowment	1,149,425	1,019,013
Donor advised endowment	10,329,457	9,594,738
Designated endowment	7,294,471	6,297,182
Field of interest endowment	9,490,787	7,917,072
Scholarship endowment	6,024,978	5,221,616
Unrestricted endowment	35,686	15,167
	\$ 37,067,372	\$ 32,488,721
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,821,386	\$ 1,470,562

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 matured on September 30, 2023 with an interest rate of 3.5%. Interest only payments were due annually on the anniversary date of the note. Principal was payable in full at the date of maturity.

Notes to Financial Statements

Note 7. Investments and Investment Return

Investments, including endowment as well as other funds, as of December 31, 2023 and 2022 were as follows:

Summary by Type of Investment	2023		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash	\$ 820,774	\$ 820,774	\$ - -
Fixed income securities	10,083,161	9,853,820	(229,341)
Equities	11,023,005	13,361,070	2,338,065
Mutual funds	13,086,561	14,704,671	1,618,110
	\$ 35,013,501	\$ 38,740,335	\$ 3,726,834

Summary by Type of Investment	2022		
	Cost	Fair Market Value	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)

Investment return, net consisted of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Interest and dividend income	\$ 988,244	\$ 894,301
Realized (loss) gain	(24,256)	1,168,925
Unrealized gain (loss)	3,811,416	(7,498,676)
Investment fees	(130,098)	(101,975)
	\$ 4,645,306	\$ (5,537,425)

Notes to Financial Statements

Note 8. Property and Equipment

At December 31, 2023 and 2022, the property and equipment consisted of the following:

	2023	2022
Software	\$ 40,945	\$ 40,945
Furniture and fixtures	12,322	12,322
Less accumulated depreciation	(53,004)	(52,102)
	\$ 263	\$ 1,165

Note 9. Funds Held as Agency Endowments

The following table summarizes activity in agency endowment funds for the years ended December 31, 2023 and 2022.

	2023	2022
Agency endowment fund balance at the beginning of the year	\$ 2,423,933	\$ 2,660,602
Amounts raised	52,035	243,139
Interest and dividends	74,641	68,172
Unrealized and realized gains (losses)	288,403	(459,506)
Expenses	(96,444)	(88,474)
Agency endowment fund balance at the end of the year	\$ 2,742,568	\$ 2,423,933

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.

Notes to Financial Statements

The Foundation received the following contributed services and non-financial assets during the years ended December 31, 2023 and 2022, which are included in the statements of activities:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 15,200	\$ 19,500
Other	1,120	--
Real estate	--	190,000
	<u>\$ 16,320</u>	<u>\$ 209,500</u>

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 prior 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 also received other event donations during the year. Contributed event donations are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed event donations are used in program services.

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.

Notes to Financial Statements

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, 2023 and 2022, the split-interest actuarial adjustment amounted to \$53,135 and (\$254,312), 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 2023 or 2022. The remainder value of these agreements as of December 31, 2023 and 2022 was \$81,615 and \$76,598, 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 \$847,481 and \$799,363 as of December 31, 2023 and 2022, 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, 2023 and 2022 was \$37,586 and \$37,117, respectively.

Notes to Financial Statements

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, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Cash	\$ 820,774	\$ --	\$ --	\$ 820,774
Fixed income securities	9,853,820	--	--	9,853,820
Equities	13,361,070	--	--	13,361,070
Mutual funds	14,704,671	--	--	14,704,671
Beneficial interest in				
split-interest agreements	--	--	81,615	81,615
Beneficial interest in residual trust	--	847,481	--	847,481
Life insurance policy,				
cash surrender value	--	37,586	--	37,586
	\$ 38,740,335	\$ 885,067	\$ 81,615	\$ 39,707,017

	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

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

	2023	2022
Balance - beginning of year	\$ 76,598	\$ 98,076
Other changes in beneficial interests	5,017	(21,478)
	\$ 81,615	\$ 76,598

Notes to Financial Statements

Note 16. Schedules of Functional Expenses

Expenses by functional and natural classification for the years ended December 31, 2023 and 2022 were as follows:

	2023			
	Program Services	Management and General	Fundraising	Total
Grants and distributions	\$ 1,260,363	\$ --	\$ --	\$ 1,260,363
Salaries, taxes and benefits	222,351	92,710	3,310	318,371
Program expenses	49,249	--	--	49,249
Communications and outreach	21,410	--	--	21,410
Other support services	10,443	4,354	156	14,953
Accounting and legal	16,376	14,450	--	30,826
Insurance	--	7,189	--	7,189
Occupancy	13,618	--	--	13,618
Depreciation	631	263	9	903
Travel	171	71	3	245
	\$ 1,594,612	\$ 119,037	\$ 3,478	\$ 1,717,127

	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

Notes to Financial Statements

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 \$13,800 and \$9,200 for the years ended December 31, 2023 and 2022, respectively.

Note 18. Commitments

The Foundation entered into a software license agreement in November of 2023 for new accounting software. The contract requires a \$12,499 one-time fee and an annual subscription fee of \$14,965. Of this contract, \$5,000 was paid in advance and as of December 31, 2023.

Note 19. Subsequent Events

The Foundation has evaluated all subsequent events through April 11, 2024, the date the financial statements were available to be issued. The Foundation has determined there are no subsequent events that require recognition or disclosure.