
**YOUR COMMUNITY FOUNDATION
OF NORTH CENTRAL WEST VIRGINIA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

WITH

INDEPENDENT AUDITOR'S REPORT



**Suttle &
Stalnaker** | Certified
Public
Accountants

A Professional Limited Liability Company



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Your Community Foundation of North Central West Virginia, Inc.
Morgantown, West Virginia

Opinion

We have audited the accompanying financial statements of Your Community Foundation of North Central West Virginia, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 the Foundation as of December 31, 2021 and 2020, 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 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 available to be issued.

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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 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.



Charleston, West Virginia
August 12, 2022

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

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ASSETS	2021	2020
Current assets		
Cash and cash equivalents	\$ 229,117	\$ 118,846
Administrative fees receivable	68,178	54,863
Student loans receivable, net of \$155,409 allowance at December 31, 2021 and 2020	133,179	155,410
Investments, at fair value	21,753,065	18,399,141
Total current assets	22,183,539	18,728,260
Property and equipment		
Land	-	98,000
Buildings and improvements	-	972,079
Office furniture and equipment	6,987	6,987
Less: accumulated depreciation	(6,937)	(362,307)
Net property and equipment	50	714,759
Other assets		
Other assets	2,000	2,000
Promises to give	695,744	758,760
Total other assets	697,744	760,760
Total assets	\$ 22,881,333	\$ 20,203,779
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,054	\$ 28,167
Notes payable - current portion	6,709	6,478
Agency endowments	2,750,148	2,411,689
Total current liabilities	2,758,911	2,446,334
Long-term liabilities		
Notes payable - net of current portion	29,135	35,281
Payroll Protection Program loan	-	33,500
Total long-term liabilities	29,135	68,781
Total liabilities	2,788,046	2,515,115
Net assets		
Net assets without donor restrictions	1,217,123	1,445,590
Net assets with donor restrictions	18,876,164	16,243,074
Total net assets	20,093,287	17,688,664
Total liabilities and net assets	\$ 22,881,333	\$ 20,203,779

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	\$ 384,047	\$ 1,680,915	\$ 2,064,962
Rental income	18,848	-	18,848
Other income	5,083	-	5,083
Grants	87,000	-	87,000
Interest and dividends, net of investment fees	10,631	512,329	522,960
Realized and unrealized gain (loss) - net	37,940	1,404,955	1,442,895
Net assets released from restrictions	965,109	(965,109)	-
	<u>1,508,658</u>	<u>2,633,090</u>	<u>4,141,748</u>
Expenses			
Program services	934,423	-	934,423
Supporting activities:			
Management and general	121,756	-	121,756
Fundraising	16,064	-	16,064
	<u>1,072,243</u>	<u>-</u>	<u>1,072,243</u>
Total operating expenses	<u>1,072,243</u>	<u>-</u>	<u>1,072,243</u>
Operating income	436,415	2,633,090	3,069,505
Nonoperating revenue and expenses			
Paycheck Protection Program income	33,500	-	33,500
Loss on disposal of property	(698,382)	-	(698,382)
	<u>(664,882)</u>	<u>-</u>	<u>(664,882)</u>
Total nonoperating revenue and expenses	<u>(664,882)</u>	<u>-</u>	<u>(664,882)</u>
Change in net assets	<u>(228,467)</u>	<u>2,633,090</u>	<u>2,404,623</u>
Net assets - beginning of year	<u>1,445,590</u>	<u>16,243,074</u>	<u>17,688,664</u>
Net assets - end of year	<u>\$ 1,217,123</u>	<u>\$ 18,876,164</u>	<u>\$ 20,093,287</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	\$ 19,151	\$ 582,094	\$ 601,245
Rental income	23,139	-	23,139
Other Income	20,200	-	20,200
Grants	100,000	-	100,000
Interest and dividends, net of investment fees	8,448	346,074	354,522
Realized and unrealized gain (loss) - net	33,612	1,307,043	1,340,655
Student loans receivable allowance adjustment	16,646	-	16,646
Net assets released from restrictions	1,228,259	(1,228,259)	-
	<u>1,449,455</u>	<u>1,006,952</u>	<u>2,456,407</u>
Expenses			
Program services	976,287	-	976,287
Supporting activities:			
Management and general	115,222	-	115,222
Fundraising	17,102	-	17,102
	<u>1,108,611</u>	<u>-</u>	<u>1,108,611</u>
Change in net assets	340,844	1,006,952	1,347,796
Net assets - beginning of year	<u>1,104,746</u>	<u>15,236,122</u>	<u>16,340,868</u>
Net assets - end of year	<u>\$ 1,445,590</u>	<u>\$ 16,243,074</u>	<u>\$ 17,688,664</u>

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Grants and beneficiary distributions	\$ 396,736	\$ -	\$ -	\$ 396,736
Scholarships	364,200	-	-	364,200
Salaries and wages	116,625	52,553	10,799	179,977
Payroll taxes and related expense	10,109	4,555	936	15,600
Office expense and support	22,681	10,220	2,100	35,001
Printing and marketing	7,278	3,279	674	11,231
Utilities	3,996	1,800	370	6,166
Maintenance and repairs	-	3,566	-	3,566
Contract services	4,620	2,082	427	7,130
Professional fees	-	17,500	-	17,500
Insurance	-	3,319	-	3,319
Travel and meetings	1,038	468	96	1,602
Telephone and internet	2,511	1,132	233	3,875
Staff development and training	-	860	-	860
Dues and memberships	-	1,165	-	1,165
Postage and delivery	1,277	575	118	1,970
Interest expense	822	371	76	1,269
Bank and merchant service fees	400	180	38	618
Rent	2,131	960	197	3,288
Taxes, licenses, and fees	-	843	-	843
	<u>934,423</u>	<u>105,429</u>	<u>16,064</u>	<u>1,055,916</u>
Total expenses before depreciation				
Depreciation	-	16,327	-	16,327
Total expenses	<u><u>\$ 934,423</u></u>	<u><u>\$ 121,756</u></u>	<u><u>\$ 16,064</u></u>	<u><u>\$ 1,072,243</u></u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Grants and beneficiary distributions	\$ 540,604	\$ -	\$ -	\$ 540,604
Scholarships	289,125	-	-	289,125
Salaries and wages	103,036	48,880	13,072	164,988
Payroll taxes and related expense	10,260	4,623	950	15,833
Office expense and support	13,201	5,949	1,222	20,372
Printing and marketing	6,133	2,764	568	9,465
Utilities	4,186	1,886	388	6,460
Maintenance and repairs	-	4,714	-	4,714
Contract services	3,974	1,791	367	6,132
Professional fees	-	5,950	-	5,950
Insurance	-	5,375	-	5,375
Travel and meetings	115	52	11	178
Telephone and internet	2,611	1,177	242	4,030
Staff development and training	-	361	-	361
Dues and memberships	-	4,550	-	4,550
Postage and delivery	1,459	657	135	2,251
Interest expense	1,041	469	96	1,606
Bank and merchant service fees	542	244	51	837
Taxes, licenses, and fees	-	928	-	928
	<u>976,287</u>	<u>90,370</u>	<u>17,102</u>	<u>1,083,759</u>
Total expenses before depreciation				
Depreciation	<u>-</u>	<u>24,852</u>	<u>-</u>	<u>24,852</u>
Total expenses	<u><u>\$ 976,287</u></u>	<u><u>\$ 115,222</u></u>	<u><u>\$ 17,102</u></u>	<u><u>\$ 1,108,611</u></u>

STATEMENTS OF CASH FLOW
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,404,623	\$ 1,347,796
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,327	24,852
Loss on disposal of fixed asset	698,382	-
Net realized and unrealized (gains) losses on investments	(1,442,895)	(1,340,655)
Student loans receivable allowance adjustment	-	(16,646)
Forgiveness of Paycheck Protection Program loan	(33,500)	-
Change in:		
Administrative fees receivable	(13,315)	-
Grants receivable	-	10,000
Other assets	-	(2,000)
Promises to give	63,016	(18,022)
Accounts payable and accrued expenses	(26,113)	19,198
Agency endowments	338,459	310,936
Net cash provided by (used in) operating activities	<u>2,004,984</u>	<u>335,459</u>
Cash flows from investing activities		
Purchases of investments	(8,672,971)	(8,619,732)
Proceeds from sale of investments	6,761,942	8,286,979
Repayments on student loans receivable, net	22,231	33,291
Net cash provided by (used in) investing activities	<u>(1,888,798)</u>	<u>(299,462)</u>
Cash flows from financing activities		
Proceeds from Payroll Protection Program loan	-	33,500
Principal repayments on note payable	(5,915)	(6,230)
Net cash provided by (used in) financing activities	<u>(5,915)</u>	<u>27,270</u>
Net change in cash	110,271	63,267
Cash and cash equivalents - beginning of year	<u>118,846</u>	<u>55,579</u>
Cash and cash equivalents - end of year	<u>\$ 229,117</u>	<u>\$ 118,846</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 1,269</u>	<u>\$ 1,606</u>

Note 1 - Organization and Nature of Business

Your Community Foundation of North Central West Virginia, Inc. (the Foundation) was incorporated under the laws of the State of West Virginia as a not-for-profit corporation in January 2011. The Foundation was established as a community foundation to administer and invest donor funds and to assist in matching community resources with community needs. The Foundation aims to assist donors in achieving their charitable intentions through the establishment of funds and endowments that provide resources to enhance the quality of life for communities located in north central West Virginia. The Foundation's major sources of revenue and support include contributions, administrative fees charged for managing donor funds, local city and county grants, and rental income.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting as contemplated by generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Foundation's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification Section 958.205 *Not-for-Profit Entities Presentation of Financial Statements* (ASC 958.205). Under ASC 958.205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor restrictions. The Foundation's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: represent resources whose use is not limited or restricted by donors.

Net assets with donor restrictions: represent resources whose use is limited by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Additionally, the Foundation follows FASB Codification Section 958.605 *Not-for-Profit Entities Revenue Recognition* (ASC 958.605). In accordance with ASC 958.605, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of donor restrictions.

The Foundation possesses variance power, that is, the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. This power is exercisable only in narrowly defined circumstances. Because this power is incorporated by reference in all gift instruments (fund agreements) accepted by the Foundation, the Foundation views its variance power as an explicit expression of donor intent.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

The Foundation recognizes that gifts received may be subject to one or more of three types of donor-imposed restrictions: (1) contributions received with restrictions as to purpose (“purpose restriction”); (2) contributions received with a requirement that the principal of the gift be retained for a specified period of time (“time restriction”); (3) contributions received with a requirement that the principal of the gift be retained permanently (“endowment restriction”). The Foundation has determined its variance power applies to all three types of restrictions; however, the Foundation classifies gifts subject to one or more donor-imposed restrictions as net assets with donor restrictions until amounts are appropriated for use or spending, at which time the assets are reclassified as net assets without donor restrictions.

EndowmentsNet Asset Classification

The Foundation follows FASB Codification Section 958.205 *Not-for-Profit Financial Statement Disclosure* and its guidance on net asset classifications and disclosures for endowment funds.

The Foundation has determined that its variance power applies to all three types of restrictions, to include endowment restrictions; however, those gifts subject to endowment restrictions have been deemed to constitute endowment funds under the Uniform Prudent Management of Institutional Funds Act as enacted by the state of West Virginia.

In 2008, West Virginia enacted a version of the Uniform Prudent Management of Institutional Funds Act (WV UPMIFA), the provisions of which apply to endowment funds existing on or established after the date of enactment. For the purposes of these financial statements, the Foundation defines an endowment fund as a fund established with the donor understanding that the principal or stated part thereof is not wholly expendable by the Foundation on a current basis. Furthermore, the Foundation has interpreted WV UPMIFA as requiring the preservation of the fair value of the original donation as of the donation date absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with restrictions, the original value of the resources donated to the endowment fund as well as the remaining portion of the endowment until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by WV UPMIFA. Amounts appropriated for spending are classified as net assets without restrictions.

From time to time, certain donor endowment funds may have fair values less than the amount of the fair value of the original donation (underwater endowments). The Foundation has interpreted WV UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

In accordance with WV UPMIFA, the Foundation considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose(s) of the donor-restricted endowment fund in conjunction with the Foundation's not-for-profit status;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation;
- The investment policies of the Foundation.

Endowment Investment Policies

The Foundation's primary investment objective is the preservation of capital in real dollar terms. Providing a predictable, stable stream of income for grant-making and operating needs, and providing for fund growth are secondary objectives.

The Finance/Investment Committee (the Committee) is responsible for recommending specific investment return goals for the Foundation endowment and trusts to the Board. The Committee generally expects the investment to approximate a 60/40 blend of the S&P 500 and the Barclays Aggregate Index, respectively over a three to five year market cycle. Average net return on investment should approximate widely used comparison indices as they pertain to each asset allocation class. Endowment assets are considered as two parts: an "equity fund" and a "fixed income fund"; furthermore, the endowment will be diversified both by the asset class and within asset classes. Moreover, the equity fund will allocate to managers who have distinct and complementary investment styles.

Endowment Spending Policies

The Foundation spending policy was adopted to provide a meaningful and growing payout from the endowment funds of the Foundation while preserving the value of the Foundation's assets on an inflation-adjusted basis. The spending policy's objective is to have a total draw down of no more than a predetermined percentage set by the board (4.5% for the year ending December 31, 2021), of a trailing 12-quarter average of the market value of each individual endowment fund. The Foundation recognizes that certain circumstances may call for a different base and/or percentage to be used. In such instances the Chairman of the Board, after consultation with the Committee, may adjust the base and/or percentage used for grant distribution. Furthermore, the amount may be increased on a given occasion providing 1) adequate funds are available and 2) the permission of the donor is granted in writing.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions - Unconditional promises to give are recognized as revenue and included in receivables in the period the promise is given. Such unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Contributions of long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how those long-lived assets are to be used, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Foundation records contributions in accordance with professional standards contained in Financial Accounting Standards Board (FASB) codification section 958-605-25, *Not-for-Profit Entities – Revenue Recognition – Contributions*. Contributions received by the Foundation are reported at their fair values on the date of such gifts.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash in checking accounts held in several local financial institutions. The Foundation considers all highly liquid investments with a remaining maturity date of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents held by investment managers in investment accounts are considered investments for the purposes of the cash flow statement. Cash and cash equivalents held outside of investment accounts associated with restricted contributions are included in cash and cash equivalents.

Property and Equipment - Purchases of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at the date of receipt. The Foundation capitalizes purchased or donated property and equipment based on an assessment of the individual asset's useful life and cost or fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 - 40 years. Non-capital expenditures for repairs and maintenance are charged to expense in the year the expense is incurred.

Grants Receivable - Grants receivable and the related revenues are recorded when expenses applicable to grants operating on a cost reimbursement basis have been incurred. The Foundation's grants receivable consists primarily of receivables from state and federal granting agencies and are deemed fully collectible; consequently, no provision for uncollectible accounts is considered necessary.

Investments - The Foundation follows FASB Codification Section 958.320 *Not-for-Profit Entities Investments* (ASC 958.320). Under ASC 958.320, investments in mutual funds with readily determinable fair values are reported at their fair values in the statements of financial position, and unrealized gains and losses are recorded as an increase or decrease in net assets without restrictions unless their use is restricted by explicit donor stipulations. Accordingly, the Foundation has presented investments in such marketable securities and debt securities at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the accompanying statements of activities.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Other Assets - During 2020, the Foundation received a donation of 25.4 acres of oil and gas property in Harrison County, West Virginia. The property is valued at \$2,000 on the statements of financial position at December 31, 2021 and 2020.

Administrative Fees - The Foundation assesses each fund an administrative fee to pay for costs incurred in managing the Foundation. For financial statement purposes, the administrative fee income assessed by the Foundation is netted against the fee expense recognized by the funds. Total administrative fees assessed were \$264,146 and \$215,586 for years ending December 31, 2021 and 2020, respectively.

Income Taxes - For Federal tax purposes the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and was determined not to be a private foundation by the Internal Revenue Service; however, the Foundation remains subject to tax on any business income unrelated to its tax-exempt purpose.

The Foundation follows FASB Codification Section 740 *Accounting for Uncertainty in Income Taxes* (ASC 740). This guidance provides a recognition threshold and measurement process for uncertain tax positions, including any estimated penalties and interest associated with those uncertain tax positions. For the years ended December 31, 2021 and 2020 there were no uncertain tax positions requiring accrual.

The Foundation's Form 990, *Return of Organization Exempt from Income Tax* for the prior three (3) years are open to audit by the Internal Revenue Service.

Donated Services - In accordance with ASC 905.605, donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. For the years ending December 31, 2021 and 2020 no services were received that met the criteria for recognition as donated services.

Functional Expenses - The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain expenses are charged to program or supporting services as incurred, allocated expenses were charged on the basis of estimates of time and effort or other statistical bases.

Fair Value Measurements - FASB Codification Section 825 (ASC 825) *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The Foundation has not elected the fair value methodology permitted under ASC 825 for any financial instrument or other item that is not currently required to be measured at fair value.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

FASB Codification Section 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Under ASC 820, various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in three levels (levels 1, 2, and 3), determined by the nature of input as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted market price in an active market provides the most reliable evidence of fair value.
- Level 2 – Other significant observable inputs, including quoted prices of similar securities in active markets, quoted prices for identical securities in markets that are not active, and other market-corroborated inputs.
- Level 3 – Significant unobservable inputs, including the Foundation’s own assumptions in determining the fair value of investments, based on the best information available in the circumstances.

Valuation levels are not necessarily an indication of the risk associated with investing in those securities. The fair value of the Foundation’s cash, receivables, and accrued expenses approximate their carrying amounts due to the short-term nature of these instruments.

Advertising Expense - The Foundation expenses advertising costs in the period incurred.

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 reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Reclassifications - Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 229,117	\$ 118,846
Included in investments	784,221	708,013
Administrative fees receivable	<u>68,178</u>	<u>54,863</u>
	<u>\$ 1,081,516</u>	<u>\$ 881,722</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due.

Note 4 - Student Loans Receivable

During the year ending December 31, 2016, in accordance with certain court adjudicated orders, the assets from a charitable education trust were contributed to the Foundation for the purpose of providing scholarships. A portion of these assets were in the form of student loan receivables. The Foundation evaluated the student loan balances and established an allowance to present student loans receivable at the amount the Foundation expects to collect.

Note 5 - Investments

The majority of individual fund assets are invested jointly in a pooled account, with each fund's beneficial interest in the pooled account determined using the "units of participation" method based on the fair value of the underlying assets. Investments were comprised of the following at December 31:

<u>December 31, 2021</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Agency bonds	\$ 616,546	\$ 625,168	\$ 8,622
Corporate bonds	867,083	881,254	14,171
Exchange traded funds	4,726,011	6,774,386	2,048,376
Municipal bonds	140,051	152,093	12,042
Mutual funds	9,165,421	9,179,942	14,521
Stocks	2,732,724	3,726,697	993,973
Treasury bonds	<u>411,520</u>	<u>413,525</u>	<u>2,005</u>
	<u>\$ 18,659,356</u>	<u>\$ 21,753,065</u>	<u>\$ 3,093,709</u>

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 5 - Investments (Continued)

<u>December 31, 2020</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Agency bonds	\$ 608,093	\$ 638,314	\$ 30,221
Corporate bonds	1,006,519	1,088,127	81,608
Exchange traded funds	5,000,644	5,871,399	870,755
Commercial mortgage obligations	71,837	78,176	6,339
Municipal bonds	154,221	173,054	18,833
Mutual funds	6,347,009	6,581,956	234,947
Stocks	2,937,719	3,796,551	858,832
Treasury bonds	152,948	171,564	18,616
	<u>\$ 16,278,990</u>	<u>\$ 18,399,141</u>	<u>\$ 2,120,151</u>

Interest and dividend income is recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded as the change in fair value of investments.

For the years ended December 31, 2021 and 2020, investment return and classification in the statement of activities are summarized as follows:

<u>December 31, 2021</u>	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
Interest and dividend income, net of investment fees	\$ 10,631	\$ 512,329	\$ 522,960
Net realized and unrealized gains (losses) on investments	<u>37,940</u>	<u>1,404,955</u>	<u>1,442,895</u>
Total investment return	<u>\$ 48,571</u>	<u>\$ 1,917,284</u>	<u>\$ 1,965,855</u>
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
<u>December 31, 2020</u>			
Interest and dividend income, net of investment fees	\$ 8,448	\$ 346,074	\$ 354,522
Net realized and unrealized gains (losses) on investments	<u>33,612</u>	<u>1,307,043</u>	<u>1,340,655</u>
Total investment return	<u>\$ 42,060</u>	<u>\$ 1,653,117</u>	<u>\$ 1,695,177</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 6 - Fair Value Measurements

The following tables summarize the Foundation's fair value measurements for investments in accordance with authoritative guidance at December 31:

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Agency bonds	\$ 625,168	\$ -	\$ 625,168	\$ -
Corporate bonds	881,254	-	881,254	-
Exchange traded funds	6,774,386	6,774,386	-	-
Municipal bonds	152,093	-	152,093	-
Mutual funds	9,179,942	9,179,942	-	-
Stocks	3,726,697	3,726,697	-	-
Treasury bonds	413,525	413,525	-	-
Total investments at fair value	<u>\$21,753,065</u>	<u>\$ 20,094,550</u>	<u>\$ 1,658,515</u>	<u>\$ -</u>
<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Agency bonds	\$ 638,314	\$ -	\$ 638,314	\$ -
Corporate bonds	1,088,127	-	1,088,127	-
Exchange traded funds	5,871,399	5,871,399	-	-
Commercial mortgage obligations	78,176	-	78,176	-
Municipal bonds	173,054	-	173,054	-
Mutual funds	6,581,956	6,581,956	-	-
Stocks	3,796,551	3,796,551	-	-
Treasury bonds	171,564	171,564	-	-
Total investments at fair value	<u>\$18,399,141</u>	<u>\$ 16,421,470</u>	<u>\$ 1,977,671</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 7 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2021:

Within one year	\$	93,358
In two to five years		373,433
Over five years		280,075
		746,866
Less discount (1.520%) to net present value		(51,122)
		\$ 695,744

Note 8 - Accrued Compensated Absences

In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences include amounts that are attributable to the employees' services already rendered, and only amounts that may be carried forward to periods subsequent to that in which they were earned. The Foundation does not provide for carry forward of unused compensated absences, accordingly, no amounts for compensated absences were included in these financial statements.

Note 9 - Agency Endowments

In accordance with FASB Codification Section 958.605 *Transfers of Assets to a Not-for-Profit Entity* (ASC 958.605), when the Foundation accepts funds from a not-for-profit entity that specifies itself as the recipient of those funds (Agency Endowments), such funds are not included as a component of Foundation net assets. Agency Endowments, held for the benefit of the transferring not-for-profit entity are reported as liabilities and included with investments on the Foundation's statements of financial position.

Total agency endowments, carried at fair value, were as follows at December 31:

	2021	2020
	\$ 2,750,148	\$ 2,411,689

Note 10 - Note Payable

During year ended December 31, 2016, the Foundation assumed an unsecured note payable to pay for various building repairs and maintenance. The note calls for monthly payments of approximately \$653, including interest at 3.5%, due in 2026.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 10 - Note Payable (Continued)

The Foundation's approximate annual principal repayments on this note are as follows for years ending December 31:

2022	\$	6,709
2023		6,948
2024		7,195
2025		7,450
2026		7,542
	<u>\$</u>	<u>35,844</u>

Note 11 - Paycheck Protection Program Loan

During April 2020, the Foundation executed closing documents on a forgivable loan under the Paycheck Protection Program (PPP). The PPP is a program designed to assist certain employers with payroll and other expenses. Under this program, unsecured loans are available that are forgivable for amounts related to certain payroll, mortgage, rent, utilities, employee benefits, and state and local employer tax expenses for a period of 24 weeks after the loan is received. Forgiveness provisions are, also, based on how employers utilize the funds for these designated expenses and on maintaining or quickly rehiring employees and wage and salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. If not forgiven, the PPP loan has a maturity of 2 years, an interest rate of 1%, and loan payments are deferred for the first six months of the loan term. The Foundation successfully applied for the loan through a SBA approved lender for \$33,500. On June 23, 2021, the Foundation's PPP loan was fully forgiven.

The Paycheck Protection Program loan and forgiveness of that loan are subject to audit by the SBA for four years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 12 - Endowment Funds

The FASB defines an endowment as “an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization.”

For the purposes of these financial statements, the Foundation has expanded this definition to include other organizations or individuals who have established funds dedicated to building funds for perpetuity. Endowment funds by net asset classification and changes therein for the years ended December 31, 2021 and 2020 are reflected below.

	<u>2021</u>	<u>2020</u>
Endowments – beginning of year	\$ 9,636,795	\$ 8,995,083
Endowment activity:		
Contributions	337,143	89,965
Interest and dividends	347,232	245,071
Net realized gains (losses)	362,719	107,994
Net unrealized gains (losses)	515,262	716,441
Investment fees	(200,269)	(170,960)
Transfers	-	387
Amount appropriated for expenditure	<u>(331,439)</u>	<u>(347,186)</u>
Endowments – end of year	<u>\$ 10,667,444</u>	<u>\$ 9,636,795</u>

Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following amounts, restricted for the following broadly defined purposes, or to be received over time, at December 31:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Education and scholarship	\$ 9,281,433	\$ 8,335,099
Arts, cultural, and historical	1,198,480	1,092,230
Community development	1,987,020	1,898,591
Health and social services	1,854,887	1,680,680
Multiple purposes	1,578,252	522,413
Sports and recreation	2,206,631	1,886,541
Animal welfare	73,716	68,760
Time restricted:		
Promises to give	695,744	758,760
	<u>\$ 18,876,164</u>	<u>\$ 16,243,074</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Note 14 - Concentration of Risk

The Foundation maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation's cash balances at various times throughout the year may be in excess of amounts insured; however, the Foundation monitors its cash balances thereby mitigating its exposure to concentrations of credit risk.

Foundation assets are invested in publicly traded mutual funds, corporate stocks, and bond issues which are affected by market conditions.

Note 15 - Leases

The Foundation rents office space under several month-to-month lease agreements. Rental income related to these agreements was \$18,848 and \$23,139 for years ending December 31, 2021 and 2020, respectively.

The Foundation entered into an operating lease for office space during May 2021. The initial lease term is seven months with subsequent renewal options. Total payments made under the lease were \$3,288 for the year ending December 31, 2021.

Note 16 - Related Party Transactions

Certain members of the Board of Directors of the Foundation also participate in the management of, or are members of, the boards of various organizations throughout West Virginia. During the years ended December 31, 2021 and 2020, the Foundation had transactions with a net effect of approximately \$6,612 and \$10,261, respectively, to these organizations.

During 2021, the Foundation transferred land and a building with an aggregate book value of \$698,382 at the time of transfer to The Historic Morgantown Post Office Building, Inc., a related nonprofit organization. Additionally, the Foundation entered into a related agreement with The Historic Morgantown Post Office Building, Inc. in which the Foundation will pay The Historic Morgantown Post Office Building, Inc. monthly payments starting in 2022 and continuing until December 31, 2025 to assist with the cost of roof repairs to the building.

Note 17 - Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 12, 2022, the date the financial statements were issued.

During January 2022, the Foundation formed a single member LLC to account for the donation of a parking lot in Morgantown, WV. The LLC will be a subsidiary of the Foundation and was created solely for the purpose of owning the parking lot and deed of trust.