YOUR COMMUNITY FOUNDATION
OF NORTH CENTRAL WEST VIRGINIA, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 consolidated financial statements of Your Community Foundation of North Central West Virginia, Inc. (the Foundation) (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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 Consolidated 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, during the year ended December 31, 2023, the Foundation implemented Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
June 10, 2024

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 118,621	$ 149,278
Contributions receivable	-	55,000
Notes receivable - current portion	60,702	30,000
Student loans receivable, net of $164,912 and $155,409 allowance at December 31, 2023 and 2022, respectively	100,690	119,196
Other receivables	120	135
Promises to give - current portion	23,057	79,377
Investments, at fair value	23,963,460	19,039,665
Total current assets	24,266,650	19,472,651
Property and equipment		
Land	230,900	230,900
Office furniture and equipment	18,292	21,161
Less: accumulated depreciation	(7,308)	(7,342)
Net property and equipment	241,884	244,719
Other assets		
Notes receivable - net of current portion	490,664	372,500
Other assets	2,000	2,000
Promises to give - net of current portion	79,224	348,058
Total other assets	571,888	722,558
Total assets	$ 25,080,422	$ 20,439,928

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable and accrued expenses	$ 7,167	$ 7,776
Notes payable - current portion	7,194	6,947
Agency endowments	2,587,666	2,289,061
Total current liabilities	2,602,027	2,303,784
Long-term liabilities		
Notes payable - net of current portion	15,611	22,206
Total long-term liabilities	15,611	22,206
Total liabilities	2,617,638	2,325,990
Net assets		
Net assets without donor restrictions	2,260,078	1,801,171
Net assets with donor restrictions	20,202,706	16,312,767
Total net assets	22,462,784	18,113,938
Total liabilities and net assets	$ 25,080,422	$ 20,439,928

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	$ 105,157	$ 2,384,558	$ 2,489,715
Rental income	43,282	-	43,282
Other income	508	-	508
Grants	67,500	-	67,500
Interest and dividends, net of investment fees	78,090	476,199	554,289
Realized and unrealized gain (loss) - net	196,396	1,933,309	2,129,705
Net assets released from restrictions	904,127	(904,127)	-
Total revenue and support	1,395,060	3,889,939	5,284,999
Expenses			
Program services	767,675	-	767,675
Supporting activities:			
Management and general	143,987	-	143,987
Fundraising	24,491	-	24,491
Total operating expenses	936,153	-	936,153
Change in net assets	458,907	3,889,939	4,348,846
Net assets - beginning of year	1,801,171	16,312,767	18,113,938
Net assets - end of year	$ 2,260,078	$ 20,202,706	$ 22,462,784

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions	$ 542,595	$ 1,085,982	$ 1,628,577
Contributions of nonfinancial assets	-	230,900	230,900
Rental income	37,948	-	37,948
Other Income	3,503	-	3,503
Grants	82,500	-	82,500
Interest and dividends, net of investment fees	51,875	342,395	394,270
Realized and unrealized gain (loss) - net	(134,333)	(3,224,080)	(3,358,413)
Net assets released from restrictions	998,594	(998,594)	-
Total revenue and support	1,582,682	(2,563,397)	(980,715)
Expenses			
Program services	834,918	-	834,918
Supporting activities:			
Management and general	135,639	-	135,639
Fundraising	28,077	-	28,077
Total operating expenses	998,634	-	998,634
Change in net assets	584,048	(2,563,397)	(1,979,349)
Net assets - beginning of year	1,217,123	18,876,164	20,093,287
Net assets - end of year	$ 1,801,171	$ 16,312,767	$ 18,113,938

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Expenses				
Grants and beneficiary distributions	$ 314,142	$ -	$ -	$ 314,142
Scholarships	259,228	-	-	259,228
Salaries and wages	142,925	64,404	13,234	220,563
Payroll taxes and related expense	12,587	5,672	1,166	19,425
Office expense and support	18,126	8,168	1,678	27,972
Printing and marketing	2,329	1,050	216	3,595
Utilities	4,057	1,828	376	6,261
Maintenance and repairs	-	1,295	-	1,295
Contract services	1,384	623	6,628	8,635
Professional fees	-	35,103	-	35,103
Insurance	-	2,141	-	2,141
Travel and meetings	2,199	991	204	3,394
Telephone and internet	2,213	997	205	3,415
Staff development and training	-	1,719	-	1,719
Dues and memberships	-	3,735	-	3,735
Postage and delivery	938	423	87	1,448
Interest expense	542	244	49	835
Bank and merchant service fees	521	235	48	804
Rent	6,484	2,921	600	10,005
Bad debt	-	9,503	-	9,503
Taxes, licenses, and fees	-	100	-	100
Total expenses before depreciation	767,675	141,152	24,491	933,318
Depreciation	-	2,835	-	2,835
Total expenses	$ 767,675	$ 143,987	$ 24,491	$ 936,153

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Expenses				
Grants and beneficiary distributions	$ 388,919	$ -	$ -	$ 388,919
Scholarships	247,802	-	-	247,802
Salaries and wages	138,164	62,259	12,793	213,216
Payroll taxes and related expense	11,880	5,353	1,100	18,333
Office expense and support	20,033	9,027	1,855	30,915
Printing and marketing	8,849	3,988	819	13,656
Utilities	3,738	1,684	346	5,768
Maintenance and repairs	-	2,811	-	2,811
Contract services	1,849	833	9,921	12,603
Professional fees	-	34,971	-	34,971
Insurance	-	2,065	-	2,065
Travel and meetings	3,975	1,792	368	6,135
Telephone and internet	2,226	1,003	206	3,435
Staff development and training	-	2,440	-	2,440
Dues and memberships	-	3,680	-	3,680
Postage and delivery	698	314	65	1,077
Interest expense	743	335	68	1,146
Bank and merchant service fees	394	178	37	609
Rent	5,384	2,426	499	8,309
Program	264	-	-	264
Taxes, licenses, and fees	-	75	-	75
Total expenses before depreciation	834,918	135,234	28,077	998,229
Depreciation	-	405	-	405
Total expenses	$ 834,918	$ 135,639	$ 28,077	$ 998,634

YOUR COMMUNITY FOUNDATION OF NORTH CENTRAL WEST VIRGINIA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 4,348,846	$ (1,979,349)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,835	405
Donated land	-	(230,900)
Net realized and unrealized (gains) losses on investments	(2,129,705)	3,358,413
Student loans receivable allowance adjustment	9,503	-
Change in:		
Contributions receivable	55,000	(55,000)
Notes receivable	(148,866)	(402,500)
Other receivables	15	68,043
Promises to give	325,154	268,309
Accounts payable and accrued expenses	(609)	5,722
Agency endowments	298,605	(461,087)
Net cash provided by operating activities	2,760,778	572,056
Cash flows from investing activities		
Purchases of investments	(15,395,848)	(11,467,759)
Proceeds from sale of investments	12,601,758	10,822,746
Repayments on student loans receivable, net	9,003	13,983
Purchases of property and equipment	-	(14,174)
Net cash used in investing activities	(2,785,087)	(645,204)
Cash flows from financing activities		
Principal repayments on notes payable	(6,348)	(6,691)
Net cash used in financing activities	(6,348)	(6,691)
Net change in cash	(30,657)	(79,839)
Cash and cash equivalents - beginning of year	149,278	229,117
Cash and cash equivalents - end of year	$ 118,621	$ 149,278
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 835	$ 1,146
Non cash transaction		
Donated property and equipment	$ -	$ 230,900

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.

The Foundation created YCFWV, LLC (the LLC), a single member limited liability company organized in West Virginia in March 2022. The LLC is owned 100% by the Foundation and was formed to account for the donation of a parking lot in Morgantown, WV. The LLC was created solely for the purpose of owning the parking lot and related deed of trust.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying consolidated 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.

Principles of Consolidation - The consolidated financial statements include the accounts of the Foundation and the LLC, which are under common control. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Presentation - The Foundation's consolidated 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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.

Endowments

Net 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 consolidated 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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. As of December 31, 2023, deficiencies of this nature exist in six donor restricted funds, which together have an original gift amount of $1,088,252 and a current fair value of $1,007,264 and a deficiency of $80,988. These deficiencies resulted from unfavorable market fluctuations and continued appropriation to certain programs that was deemed prudent by the Board of Directors.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 (4.0% for the year ending December 31, 2023), 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.

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's policy related to contributed nonfinancial assets is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair value.

The Foundation received the donation of a parking lot with a fair value of $230,900 during the year ended December 31 2022. The fair value is based on current prices the Foundation would have paid for the asset had it not been donated. The asset is considered restricted.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Notes Receivable - The Foundation holds notes receivable that have been received as contributions, whereby the donor assigns the note to the Foundation. The notes receivable are carried at cost, which approximates fair value, and the principal is designed to be returned to the Foundation at a future date. In accordance with FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, the Foundation's evaluation of potential credit losses on the notes receivable is based on historical information, current conditions, and reasonable and supportable forecasts.

Student Loans Receivable - In accordance with FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, student loans receivable are carried at unpaid principal balances, less an allowance for credit losses. Management's periodic evaluation of potential credit losses on the loans receivable is based on historical information, current conditions, and reasonable and supportable forecasts. The Foundation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms.

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.

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 consolidated statements of activities.

Other Assets - 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, 2023 and 2022.

Administrative Fees - The Foundation assesses each fund an administrative fee to pay for costs incurred in managing the Foundation. For consolidated 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 $299,756 and $242,808 for years ending December 31, 2023 and 2022, 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022 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.

The LLC has elected under the Internal Revenue Code to be a limited liability company. In lieu of corporate income taxes, the members of a limited liability company are taxed on their proportionate share of the LLC's taxable income.

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, 2023 and 2022, no services were received that met the criteria for recognition as donated services.

Lease Accounting - Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

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 consolidated 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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

- 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 consolidated 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 consolidated 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 consolidated financial statement presentation. These reclassifications did not impact total net assets or the change in net assets.

Subsequent Events - In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 10, 2024, the date the consolidated financial statements were issued.

Accounting Standards Adopted in 2023 - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. On January 1, 2023, the Foundation adopted the new accounting standard and all of the related amendments using the modified retrospective method. As of January 1, 2023, adoption of ASC 326 resulted in no impact to the consolidated financial statements. The Foundation does not expect ASC 326 to have a significant impact on its financial condition or results of operations on an ongoing basis.

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:

	2023	2022
Cash and cash equivalents	$ 118,621	$ 149,278
Included in investments	685,877	495,313
Contributions receivable	-	55,000
Notes receivable – current portion	60,702	30,000
Other receivables	120	135
Promises to give – current portion	23,057	79,377
	$ 888,377	$ 809,103

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:

December 31, 2023	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Agency bonds	$ 588,602	$ 557,094	$ (31,508)
Corporate bonds	655,096	617,053	(38,043)
Exchange traded funds	9,056,999	11,052,725	1,995,726
Municipal bonds	117,417	106,485	(10,932)
Mutual funds	9,775,675	9,694,011	(81,664)
Stocks	1,489,972	1,665,653	175,681
Treasury bonds	320,891	270,439	(50,452)
	$ 22,004,652	$ 23,963,460	$ 1,958,808

Note 5 - Investments (Continued)

December 31, 2022	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Agency bonds	$ 535,999	$ 489,977	$ (46,022)
Corporate bonds	695,246	595,389	(99,857)
Exchange traded funds	5,988,412	6,601,662	613,250
Municipal bonds	117,417	104,493	(12,924)
Mutual funds	9,954,467	8,993,026	(961,441)
Stocks	1,881,259	1,971,737	90,478
Treasury bonds	338,671	283,381	(55,290)
	$ 19,511,471	$ 19,039,665	$ (471,806)

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, 2023 and 2022, investment return and classification in the statements of activities are summarized as follows:

December 31, 2023	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Interest and dividend income, net of investment fees	$ 78,090	$ 476,199	$ 554,289
Net realized and unrealized gains (losses) on investments	196,396	1,933,309	2,129,705
Total investment return	$ 274,486	$ 2,409,508	$ 2,683,994

December 31, 2022	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Interest and dividend income, net of investment fees	$ 51,875	$ 342,395	$ 394,270
Net realized and unrealized gains (losses) on investments	(134,333)	(3,224,080)	(3,358,413)
Total investment return	$ (82,458)	$ (2,881,685)	$ (2,964,143)

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:

December 31, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Agency bonds	$ 557,094	$ -	$ 557,094	$ -
Corporate bonds	617,053	-	617,053	-
Exchange traded funds	11,052,725	11,052,725	-	-
Municipal bonds	106,485	-	106,485	-
Mutual funds	9,694,011	9,694,011	-	-
Stocks	1,665,653	1,665,653	-	-
Treasury bonds	270,439	270,439	-	-
Total investments at fair value	$23,963,460	$ 22,682,828	$ 1,280,632	$ -

December 31, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Agency bonds	$ 489,977	$ -	$ 489,977	$ -
Corporate bonds	595,389	-	595,389	-
Exchange traded funds	6,601,662	6,601,662	-	-
Municipal bonds	104,493	-	104,493	-
Mutual funds	8,993,026	8,993,026	-	-
Stocks	1,971,737	1,971,737	-	-
Treasury bonds	283,381	283,381	-	-
Total investments at fair value	$19,039,665	$ 17,849,806	$ 1,189,859	$ -

Note 7 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2023:

Within one year	$	23,057
In two to five years		75,559
Over five years		14,469
		113,085
Less discount (3.880%) to net present value		(10,804)
	$	102,281

Note 8 - Notes Receivable

During the year ended December 31, 2022, the Foundation was assigned a secured promissory note for $417,500 with The Foundry Church. The note is noninterest bearing and payments of $2,500 are due monthly through May 2036. The outstanding balance on the note was $372,500 and $402,500, respectively, at December 31, 2023 and 2022. No allowance is deemed necessary.

During the year ended December 31, 2023, the Foundation was assigned a secured promissory note for $193,763 with a West Virginia corporation. The note has an interest rate of 4.00% and payments of $3,108 are due monthly through April 2029. The outstanding balance on the note was $178,866 at December 31, 2023. No allowance is deemed necessary.

Note 9 - 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 consolidated financial statements.

Note 10 - 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 consolidated statements of financial position.

Note 10 - Agency Endowments (Continued)

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

2023	2022
$ 2,587,666	$ 2,289,061

Note 11 - Note Payable

During the 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.

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

2024	$ 7,194
2025	7,450
2026	8,161
	$ 22,805

Note 12 - Paycheck Protection Program Loan

The Paycheck Protection Program loan of $33,500 and forgiveness of that loan in 2021 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 consolidated financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying consolidated financial statements.

Note 13 - 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."

Note 13 - Endowment Funds (Continued)

For the purposes of these consolidated 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, 2023 and 2022 are reflected below.

	2023	2022
Endowments – beginning of year	$ 10,443,221	$ 10,832,967
Endowment activity:		
Contributions	2,287,173	1,681,578
Interest and dividends	343,836	274,221
Net realized gains (losses)	33,676	(200,939)
Net unrealized gains (losses)	1,310,551	(1,854,166)
Investment fees	(225,384)	(188,500)
Amount appropriated for expenditure	(172,492)	(235,369)
Transfers	-	133,429
Endowments – end of year	$ 14,020,581	$ 10,443,221

Note 14 - 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:

	2023	2022
Purpose restricted:		
Education and scholarship	$ 8,854,448	$ 7,844,964
Arts, cultural, and historical	1,662,322	969,691
Community development	1,722,122	1,557,041
Health and social services	1,733,094	1,525,019
Multiple purposes	2,458,914	2,169,328
Animal welfare	1,664,843	57,307
Sports and recreation	2,004,682	1,761,982
Time restricted:		
Promises to give	102,281	427,435
	$ 20,202,706	$ 16,312,767

Note 15 - 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 16 - Leases

The Foundation, as lessor, leases a parking lot under a short-term lease agreement that can be terminated by both the lessor and lessee with no penalty. The value of the parking lot at December 31, 2023 and 2022 was $230,900. Rental income related to this agreement was $40,644 and $32,411 for the years ending December 31, 2023 and 2022, respectively.

Note 17 - 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, 2023 and 2022, the Foundation had transactions with a net effect of approximately $0 and $9,940, respectively, to these organizations.

During the year ended December 31, 2022, the Foundation entered into an agreement with The Historic Morgantown Post Office Building, Inc., a related nonprofit organization, in which the Foundation pays The Historic Morgantown Post Office Building, Inc. monthly payments continuing until December 31, 2025 to assist with the cost of roof repairs to the building. Total payments made under the agreement were $6,148 and $4,564 for the year ending December 31, 2023 and 2022, respectively.