

COMMUNITY FOUNDATION  
OF WASHINGTON COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

COMMUNITY FOUNDATION  
OF WASHINGTON COUNTY, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-14



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Community Foundation of Washington County, Inc.

**Opinion**

We have audited the accompanying financial statements of Community Foundation of Washington County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, 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 Community Foundation of Washington County, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Washington County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Washington County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 Community Foundation of Washington County, Inc.'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 Community Foundation of Washington County, Inc.'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.

*Stacy Sandye*  
*Johson, LLP*

Greenville, Mississippi  
September 23, 2024

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2023 and 2022

	Assets	
	2023	2022
Current assets:		
Cash	\$ 1,923,454	\$ 754,290
Investments	2,419,556	2,055,216
Prepaid expenses	4,580	4,427
Equipment, net	270,145	216,703
Total Assets	\$ 4,617,735	\$ 3,030,636
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,629	\$ -
Payroll taxes payable	3,159	2,542
Agency funds	155,654	155,654
Total Liabilities	165,442	158,196
Net Assets:		
Without donor restrictions	1,562,493	1,488,621
With donor restrictions	2,889,800	1,383,819
Total Net Assets	4,452,293	2,872,440
Total Liabilities and Net Assets	\$ 4,617,735	\$ 3,030,636

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor	With Donor Restrictions	Total	Without Donor	With Donor Restrictions	Total
Revenues, gains, and other support						
Investment income, net	\$ 150,577	154,282	\$ 304,859	\$ (216,738)	(128,324)	\$ (345,062)
Contributions	145,184	2,113,828	2,259,012	153,312	1,021,773	1,175,085
Grant income	-	83,817	83,817	-	-	-
Rent income	11,700	-	11,700	6,700	-	6,700
Net assets released from restrictions:						
Satisfaction of program restrictions	845,946	(845,946)	-	677,627	(677,627)	-
Total revenues, gains, and other support	<u>1,153,407</u>	<u>1,505,981</u>	<u>2,659,388</u>	<u>620,901</u>	<u>215,822</u>	<u>836,723</u>
Expenses and losses						
Program services	957,619	-	957,619	767,552	-	767,552
Fund raising	6,695	-	6,695	6,631	-	6,631
General and administrative	115,221	-	115,221	86,515	-	86,515
Total expenses and losses	<u>1,079,535</u>	<u>-</u>	<u>1,079,535</u>	<u>860,698</u>	<u>-</u>	<u>860,698</u>
Changes in net assets	73,872	1,505,981	1,579,853	(239,797)	215,822	(23,975)
Net assets at beginning of year	<u>1,488,621</u>	<u>1,383,819</u>	<u>2,872,440</u>	<u>1,728,418</u>	<u>1,167,997</u>	<u>2,896,415</u>
Net assets at end of year	<u>\$ 1,562,493</u>	<u>2,889,800</u>	<u>\$ 4,452,293</u>	<u>\$ 1,488,621</u>	<u>1,383,819</u>	<u>\$ 2,872,440</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2023 and 2022

Functional Expense	2023				2022			
	Programs	Fundraising	General and Administration	Total	Programs	Fundraising	General and Administration	Total
Accounting	\$ -	-	16,914	\$ 16,914	\$ -	-	13,100	\$ 13,100
Advertising	-	-	5,948	5,948	-	-	786	786
Depreciation	-	-	10,098	10,098	-	-	-	-
Dues	-	-	824	824	-	-	595	595
Grants awarded	10,523	-	-	10,523	37,738	-	-	37,738
Insurance	-	-	21,232	21,232	-	-	16,813	16,813
Occupancy	-	-	24,930	24,930	-	-	21,394	21,394
Office	4,349	933	17,395	22,677	4,628	2,190	19,257	26,075
Payroll Taxes	6,175	409	1,606	8,190	4,758	316	1,238	6,312
Penalties and Interest	-	-	94	94	-	-	-	-
Projects	845,573	-	-	845,573	650,303	-	-	650,303
Unrelated Business Income Tax	-	-	3,444	3,444	-	-	-	-
Salary	90,999	5,353	10,706	107,058	70,125	4,125	8,250	82,500
Travel	-	-	2,030	2,030	-	-	5,082	5,082
<b>Total</b>	<b>\$ 957,619</b>	<b>6,695</b>	<b>115,221</b>	<b>\$ 1,079,535</b>	<b>\$ 767,552</b>	<b>6,631</b>	<b>86,515</b>	<b>\$ 860,698</b>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
STATEMENT OF CASH FLOWS  
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,579,853	\$ (23,975)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	10,098	-
(Increase) in prepaid expense	(153)	(853)
Increase (decrease) in accrued payables	7,246	(154,238)
Unrealized (gains) losses on investments	<u>(214,217)</u>	<u>181,133</u>
Net cash flows from operating activities	<u>1,382,827</u>	<u>2,067</u>
Cash flows from investing activities:		
Proceeds from sale of investments	188,961	702,623
Purchase of investments	(339,084)	(572,665)
Property renovations to building	<u>(63,540)</u>	<u>(118,127)</u>
Net cash flows from investing activities	<u>(213,663)</u>	<u>11,831</u>
Net increase in cash	1,169,164	13,898
Cash, beginning of year	<u>754,290</u>	<u>740,392</u>
Cash, end of year	<u><u>\$ 1,923,454</u></u>	<u><u>\$ 754,290</u></u>

The accompanying notes are an integral part of these financial statements.



COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The Community Foundation of Washington County, Inc., (“the Foundation”) is a Mississippi nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Foundation serves as a leader, catalyst, and resource for philanthropy and seeks to improve the lives of individuals in Washington County, Mississippi. The Foundation accomplishes this by developing partnerships with philanthropic individuals, community leaders, and the non-profit sector to ensure that together they can build permanent endowments, make prudent grants for charitable causes, be a catalyst to solve community concerns and strengthen non-profit organizations. The Foundation was established in 2012. The mission of the Foundation is connecting people who care with causes that matter to create a thriving community for all.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Asset Classifications

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

*Net assets without donor restrictions.* Consist of donations and bequests that are available for the support of the operations of the Foundation, and for discretionary and donor advised granting needs.

*Net assets with donor restrictions.* The Foundation reports gifts of cash and other assets as net assets with donor restrictions if the support is received with donor stipulations that limit the use of the donated assets for a specific purpose or are not available for use until a specific time. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, or both.

Advertising

The company expenses all advertising costs as incurred.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

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Concentration of Credit Risks

The Foundation places its cash and cash equivalents in bank deposit accounts at high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred losses related to these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investment securities, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position. The Board routinely reviews the performance of its investments.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as a contribution, at their fair market values as determined at the time of the gift. Securities are generally held in custodial investment accounts administered by financial institutions. Cash and cash equivalents held at securities institutions and not used for operations are treated as investments.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses and interest and dividend income are reflected in the Statement of Activities as net investment income (loss).

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets.

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets.

Level 3 inputs - estimates using the best information available given little or no market.

The Foundation is required to measure contributions receivable, certain investments, and charitable gift annuities at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

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Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Since its inception, the Foundation has received donated equipment, the value of which did meet its criteria for capitalization and have been capitalized.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Income Taxes

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and similar provisions of the State of Mississippi.

The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Topic 842 was subsequently amended by ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, and ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Organization adopted these standards effective January 1, 2022, which was the date of initial application.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

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Cash and Cash Equivalents

For purpose of reporting cash flows, cash and cash equivalents include any highly liquid debt instruments purchased with a maturity of three months or less.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could vary from those estimates.

Subsequent Events

Management has evaluated subsequent events through the review report date, the date which the financial statements were available for issue.

2. Liquidity and Availability

The financial assets, which are available for general expenditures within one year of the statement of financial position date, comprise the following as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,923,454	\$ 754,290
Less cash restricted as to use	(1,894,088)	(484,988)
Total unrestricted cash and cash equivalents	\$ <u>29,366</u>	\$ <u>269,302</u>

3. Property, Plant, and Equipment

Property, plant, and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 16,340	\$ 1,545
Buildings	265,448	216,703
Accumulated depreciation	( 11,643)	( 1,545)
Net equipment	\$ <u>270,145</u>	\$ <u>216,703</u>

Depreciation expense for the years ended December 31, 2023, and 2022 was \$10,098 and \$0, respectively.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

4. Fair Value Measurements of Investments

All of the Foundation’s investments have been measured on a recurring basis using quoted prices for identical assets in active markets and are classified as Level 1. The table below presents the balances of these investments measured at fair value as of December 31:

	<u>2023</u>	<u>2022</u>
Investments:		
Core Account		
Fidelity Government Cash Reserves	\$ 72,704	\$ 18,542
Mutual Funds:		
Stock	791,669	696,596
Bond	363,410	355,327
Exchange Traded Products:		
Equity ETPs	446,930	404,573
Other ETPs	71,904	34,207
Common Stock	101,304	200,208
Preferred Stock	19,400	19,450
Municipal Bonds	<u>552,235</u>	<u>326,313</u>
 Total	 \$ <u>2,419,556</u>	 \$ <u>2,055,216</u>

The financial statements include interest expense related to margin expense of \$0 and \$109 for the years ended December 31, 2023 and 2022, respectively.

5. Endowment Funds

The Foundation endowment consists of funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation’s management and investment of donor restricted endowment funds conforms to the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on the Foundation’s interpretation of the provisions of UPMIFA, the organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. Some of those factors include maintaining overall portfolio risk at a reasonable level, providing for the reasonable diversification of investment, acting with prudence, and being cost conscious when investing.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

The endowment funds that are temporarily restricted can make annual distributions up to 4% per annum based on the average balance of all cash and the market value of investment in the fund in the previous year.

Endowment net assets and their activities consist of the following as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets:			
Board designated	\$ 1,254,953	\$ -	\$ 1,254,953
Donor restricted	<u>-</u>	<u>958,181</u>	<u>958,181</u>
Total endowment net assets	<u>\$ 1,254,953</u>	<u>\$ 958,181</u>	<u>\$ 2,213,134</u>
Activity in endowment net assets:			
Endowment fund, beginning of year	\$ 1,115,037	\$ 723,417	\$ 1,838,454
Contributions	2,500	95,100	97,600
Transfers	-	49,245	49,245
Gain (loss)	147,988	107,180	255,168
Release from restriction	<u>( 10,572)</u>	<u>( 16,761)</u>	<u>( 27,333)</u>
Endowment fund, end of year	<u>\$ 1,254,953</u>	<u>\$ 958,181</u>	<u>\$ 2,213,134</u>

Endowment net assets and their activities consist of the following as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets:			
Board designated	\$ 1,115,037	\$ -	\$ 1,115,037
Donor restricted	<u>-</u>	<u>723,417</u>	<u>723,417</u>
Total endowment net assets	<u>\$ 1,115,037</u>	<u>\$ 723,417</u>	<u>\$ 1,838,454</u>
Activity in endowment net assets:			
Endowment fund, beginning of year	\$ 1,514,894	\$ 596,779	\$ 2,111,673
Contributions	33,824	243,096	276,920
Transfers	( 180,000)	-	( 180,000)
Gain (loss)	( 214,236)	( 97,173)	( 311,409)
Release from restriction	<u>( 39,445)</u>	<u>( 19,285)</u>	<u>( 58,730)</u>
Endowment fund, end of year	<u>\$ 1,115,037</u>	<u>\$ 723,417</u>	<u>\$ 1,838,454</u>

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

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6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes and amounts as of December 31:

	<u>2023</u>	<u>2022</u>
<i>Academic enrichment and leadership development</i>	\$ 623,486	\$ 480,254
<i>Early childhood education</i>	8	-
<i>Cultural arts and community beautification</i>	549,019	637,639
<i>Disaster relief and humanitarian aid</i>	1,690,200	260,952
<i>Law enforcement assistance</i>	23,131	4,598
<i>Workforce development</i>	<u>3,956</u>	<u>376</u>
Net assets with donor restrictions	\$ <u>2,889,800</u>	\$ <u>1,383,819</u>

Program expenses include the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
<i>Academic enrichment and leadership development</i>	\$ 83,872	\$ 2,120
<i>Cultural arts and community beautification</i>	278,343	127,483
<i>Disaster relief and humanitarian aid</i>	422,043	120,279
<i>Law enforcement assistance</i>	92,370	22,197
<i>Early childhood education</i>	13,088	367,768
<i>Workforce development</i>	<u>67,903</u>	<u>127,705</u>
Total program expenses	\$ <u>957,619</u>	\$ <u>767,552</u>

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS, continued

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7. Agency Funds

The Foundation has accepted donations which are treated as agency funds. These funds are treated as assets and liabilities in these financial statements.

8. Donated Materials and Services

For the years ended December 31, 2023 and 2022, the organization received free rent space valued at \$0 and \$3,850, respectively, which was recorded as income. The related expense has been included in occupancy expenses in these financial statements.

9. Leases

The Foundation had space in its building that it rented out through an operating lease, as the lease term was less than twelve months. Lease income is as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Lease income	\$ 11,700	\$ 6,700
Expected future cash flows from lease revenue	\$ 13,200	\$ 12,200

10. Unrelated Business Income Tax

The lease income as described in Note 9 is unrelated to the Foundation's primary operations, and is therefore subject to income tax as per Internal Revenue Code Section 513(a). The unrelated business income tax expense for the years ended December 31, 2023 and 2022 were \$2,247 and \$1,197, respectively; these amounts are included in the 2023 financial statements. Penalties of \$65 and interest of \$29 were paid in 2023.