

**BECKLEY AREA FOUNDATION, INC.  
BECKLEY, WEST VIRGINIA**

**FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2021 AND 2020**

**RICHMOND & COMPANY, CPA'S, A.C.  
P.O. BOX 1204  
BECKLEY, WV 25802-1204**

**BECKLEY AREA FOUNDATION, INC.**

INDEX TO FINANCIAL STATEMENTS

**Page**

**As of and for the Years Ended March 31, 2021 and 2020**

Independent Auditors' Report	
Statements of Financial Position.....	1
Statements of Activities .....	2
Statements of Cash Flows.....	3
Statements of Functional Expenses .....	4
Notes to Financial Statements.....	5-13

# **RICHMOND & COMPANY**

Rolfe A. Richmond, CPA  
Pio J. DeFlaviis, CPA  
Andrew F. Conner, CPA  
Richard L. Ross, CPA

CERTIFIED PUBLIC ACCOUNTANTS  
ACCOUNTING CORPORATION  
POST OFFICE BOX 1204  
BECKLEY, WEST VIRGINIA 25802-1204  
[rco@richmondcompany.com](mailto:rco@richmondcompany.com)  
<http://www.RichmondCompany.com>

Telephone (304) 252-7353  
Fax (304) 253-1732

## **Independent Auditors' Report**

To the Board of Directors of  
**Beckley Area Foundation, Inc.**  
Beckley, West Virginia

We have audited the accompanying financial statements of the **Beckley Area Foundation, Inc.** (a non-profit corporation), which comprise the statement of financial position as of March 31, 2021 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

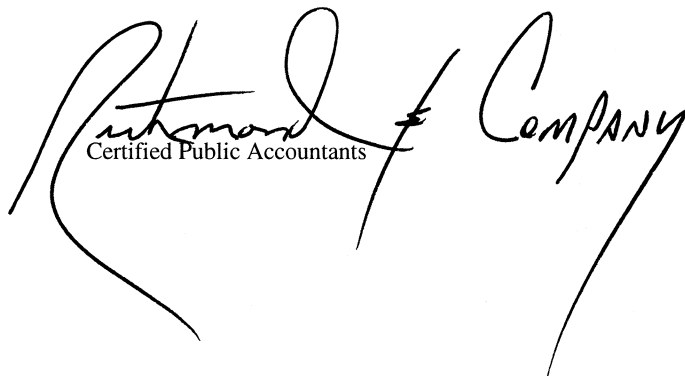
### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Beckley Area Foundation, Inc.** as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the **Beckley Area Foundation, Inc.**'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

August 17, 2021

  
Certified Public Accountants

**BECKLEY AREA FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
March 31, 2021 and 2020

<b>ASSETS</b>		
	<u>2021</u>	<u>2020</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 309,412	\$ 247,850
Accrued interest receivable	86,129	97,211
Prepaid expenses	18,508	8,794
<b>Total Current Assets</b>	<u>414,049</u>	<u>353,855</u>
<b><u>Property and Equipment</u></b>		
Real estate	45,813	45,813
Building improvements	6,276	6,276
Office and computer equipment	50,676	50,676
	<u>102,765</u>	<u>102,765</u>
Less accumulated depreciation	(49,709)	(45,640)
<b>Property and Equipment-Net</b>	<u>53,056</u>	<u>57,125</u>
<b><u>Other Assets</u></b>		
Investments	50,352,998	38,603,692
Cash surrender value of life insurance	32,587	31,055
<b>Total Other Assets</b>	<u>50,385,585</u>	<u>38,634,747</u>
<b>TOTAL ASSETS</b>	<u>\$ 50,852,690</u>	<u>\$ 39,045,727</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 15,119	\$ 14,931
Grants payable	53,254	68,883
Donations - funds pending	200,000	103,690
<b>Total Current Liabilities</b>	<u>268,373</u>	<u>187,504</u>
<b><u>Net Assets</u></b>		
Without Donor Restrictions	9,472,527	6,439,859
With Donor Restrictions	41,111,790	32,418,364
<b>Total Net Assets</b>	<u>50,584,317</u>	<u>38,858,223</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 50,852,690</u>	<u>\$ 39,045,727</u>

The accompanying notes are an integral part of these statements.

**BECKLEY AREA FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended March 31, 2021  
With Comparative Totals as of March 31, 2020

	<b>2021</b>			<b>2020</b>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Summarized</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 482,547	\$ 438,222	\$ 920,769	\$ 919,773
Investment income (loss)	3,284,903	9,461,200	12,746,103	(2,531,808)
PPP loan forgiveness	49,390	-	49,390	-
Change in cash value of life insurance	-	1,532	1,532	1,555
Net assets released from restrictions	1,207,528	(1,207,528)	-	-
Total support and revenue	<u>5,024,368</u>	<u>8,693,426</u>	<u>13,717,794</u>	<u>(1,610,480)</u>
<b>EXPENSES</b>				
Programs Services:				
Grants and scholarships awarded	1,584,123	-	1,584,123	1,422,353
Total program services	<u>1,584,123</u>	<u>-</u>	<u>1,584,123</u>	<u>1,422,353</u>
Supporting Services:				
Salaries and related taxes	323,303	-	323,303	284,562
Depreciation	4,068	-	4,068	4,170
Office and other	80,206	-	80,206	73,661
Total supporting services	<u>407,577</u>	<u>-</u>	<u>407,577</u>	<u>362,393</u>
Total expenses	<u>1,991,700</u>	<u>-</u>	<u>1,991,700</u>	<u>1,784,746</u>
Change in Net Assets	3,032,668	8,693,426	11,726,094	(3,395,226)
Net Assets, Beginning of Year	<u>6,439,859</u>	<u>32,418,364</u>	<u>38,858,223</u>	<u>42,253,449</u>
Net Assets, End of Year	<u>\$ 9,472,527</u>	<u>\$ 41,111,790</u>	<u>\$ 50,584,317</u>	<u>\$ 38,858,223</u>

The accompanying notes are an integral part of these statements.

**BECKLEY AREA FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended March 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 11,726,094	\$ (3,395,226)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	4,068	4,170
Increase in cash value life insurance	(1,532)	(1,555)
Decrease in accrued income	11,082	4,199
(Increase) Decrease in prepaid expenses	(9,714)	11,725
Increase in accounts payable	188	14,419
(Decrease) Increase in grants payable	(15,629)	30,082
Increase in donations - funds pending	96,310	24,975
Contributions and support restricted for long-term investment	(438,222)	(573,987)
Unrealized and realized net (gains) losses on investments	(11,880,184)	3,531,224
<b>Net Cash Used For Operating Activities</b>	<b>(507,539)</b>	<b>(349,974)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for the purchase of office equipment	-	(1,140)
Net proceeds (purchases) from sale of investments	130,879	(142,572)
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>130,879</b>	<b>(143,712)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions and support restricted for long-term investment	438,222	573,987
<b>Net Cash Provided By Financing Activities</b>	<b>438,222</b>	<b>573,987</b>
<b>Net Increase in Cash and Cash Equivalents</b>	61,562	80,301
Cash and Cash Equivalents Beginning of Year	247,850	167,549
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 309,412</b>	<b>\$ 247,850</b>

The accompanying notes are an integral part of these statements.

**BECKLEY AREA FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended March 31, 2021 and 2020

	2021			
	Program	Management and General	Fundraising	Total
Grants and scholarships awarded	\$ 1,584,123	\$ -	\$ -	\$ 1,584,123
Salaries and related taxes	-	319,608	3,695	323,303
Depreciation	-	4,068	-	4,068
Office and other	-	80,011	195	80,206
	\$ 1,584,123	\$ 403,687	\$ 3,890	\$ 1,991,700

	2020			
	Program	Management and General	Fundraising	Total
Grants and scholarships awarded	\$ 1,422,353	\$ -	\$ -	\$ 1,422,353
Salaries and related taxes	-	282,665	1,897	284,562
Depreciation	-	4,170	-	4,170
Office and other	-	73,595	66	73,661
	\$ 1,422,353	\$ 360,430	\$ 1,963	\$ 1,784,746

The accompanying notes are an integral part of these statements.

## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 – Nature of Foundation**

Beckley Area Foundation, Inc. (“the Foundation”) is a not-for-profit community foundation incorporated under the laws of West Virginia.

The Foundation accepts donations to permanent endowment funds, invests and manages such donations, and distributes net earnings of the endowment funds as grants and scholarships, generally on an annual basis. Funds held include named unrestricted funds whose earnings are distributed solely at the discretion of the Foundation’s Board of Directors as well as funds whose earnings are distributed subject to the designation or advice of the donors. All distributions are subject to the approval of the Board of Directors.

#### **Note 2 – Significant Accounting Policies**

**CONTRIBUTIONS:** Contributions received are recorded at their fair market value on the date received. Contributions received for which the donor directs to be added to a donor-restricted endowment fund are reported as with donor restrictions.

**USE OF ESTIMATES:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Actual results could differ from those estimates as additional information becomes known.

**CASH AND CASH EQUIVALENTS:** Cash and cash equivalents consist of cash held in checking accounts. The checking accounts are insured to limits set by the Federal Deposit Insurance Corporation. At various times during the fiscal year, the Foundation’s cash in bank balances exceeded the federally insured limits.

**INVESTMENTS:** Investments are stated at their fair market value based on price quotations available in the open market and supplied by three local banking institutions, and all investments are readily marketable and subject to market risks in the amount such investments are recorded. Cash and equivalents consist of cash and money market funds. Dividends and interest earned, unrealized and realized gains or losses, trustee fees and administrative charges are allocated among endowment funds on a pro-rata basis.

**PROPERTY AND EQUIPMENT:** The Foundation capitalizes property and equipment expenditures over \$1,000. This cost is charged to operations as depreciation on a straight-line basis over estimated useful lives of the assets. All assets currently on hand are being depreciated over five to seven years. Repairs and maintenance are charged to operations as incurred. The real estate is various parcels of property donated to the Foundation.

**GRANTS PAYABLE:** Grants and scholarships awarded by the Foundation are approved by the Board of Directors and recorded as expenditures at the time of approval.

**GEOGRAPHIC CONCENTRATION:** The Foundation receives its donations and awards grants and scholarships primarily in Raleigh County, West Virginia and counties contiguous thereto.



## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 2 – Significant Accounting Policies (Continued)**

**INVESTMENTS AND SPENDING POLICIES:** The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed in UPMIFA.

The Foundation considers (1) the preservation of the fund, (2) the purposes of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) investment returns, and (5) the investment policies of the Foundation in making a determination to appropriate or accumulate donor-restricted endowment funds.

In order to satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The goals of the Foundation's investment policy are to provide maximum income commensurate with safety of principal and achieve stable capital growth.

To achieve its long-term investment goals the Foundation invests in obligations of the United States government, obligations of agencies of the United States government, mutual funds, corporate bonds and equity holdings. The investments are held in the trust departments of three local banking institutions which are given guidelines on diversification of assets to avoid undue risk concentration.

Subject to the terms of any fund agreement, the Declaration of Trust and / or West Virginia law, the amount that the Foundation makes available for grants from each fund is calculated by computing 3.5% of the twelve quarter rolling average of the market value of the fund as of December 31<sup>st</sup> of each year. Grants are reviewed and approved by the Board of Directors.

Should the total market value of any fund fall below the initial principal plus additional contributions to the principal, no distributions will be made unless authorized by the fund agreement or the Board of Directors as permitted by law.

**DONATED SERVICES:** Many individuals have made significant contributions of their time to manage and operate the Foundation. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

**LEASES:** The Foundation leases office space on a month to month basis. Rent expense under this lease was \$6,960 and \$7,700 for the years ended March 31, 2021 and 2020 respectively.

**NON-CASH GIFTS:** When gifts are received for non-cash assets, the Foundation uses available resources to determine the fair value of the gift and recognizes revenue at that amount.

## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 2 – Significant Accounting Policies (Continued)**

**CLASSIFICATION OF NET ASSETS:** The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions as required by the Financial Accounting Standards Board in its Accounting Standards Codification Topic 958 – *Not-for-Profit Entities* (FASB ASC Topic 958).

Interest, dividends, unrealized and realized gains or losses from various named unrestricted donor-designated funds, contributions not classified as with donor restrictions, the four general discretionary board-designated endowment funds and the operating non-endowment fund are classified as net assets without donor restrictions in the financials.

Net assets with donor restrictions consist of contributions received with donor stipulations that restrict the use of the donated assets. When the donor restrictions expire due to a time restriction ending or a purpose restriction being fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets released from restrictions for the year were for grants, scholarships, administrative fees, trustee bank fees and neighborhood investment program (NIP) fees. Net assets with donor restrictions also consist of the realized and unrealized gains or losses, interest and dividends earned by donor restricted endowment funds and the cash value of a life insurance policy that names the Foundation as the beneficiary.

**ADMINISTRATIVE FEES:** The Foundation's policy is to assess each fund maintained a monthly administrative fee calculated by multiplying the market value of each fund by the administrative fee rate. The rate was 0.07% for the years ended March 31, 2021 and 2020 respectively. These fees are used by the Foundation to pay for administrative costs incurred in maintaining the funds and managing the Foundation. The Foundation is able to waive the monthly administrative fee if management determines the fees are not needed for operations. Administrative fees for the years ended March 31, 2021 and 2020 were \$369,281 and \$343,777 respectively.

For financial statement purposes, the administrative fee income assessed by the Foundation for the funds is netted against the administrative fee expense recognized by the funds. These amounts net to zero.

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:** The Foundation follows FASB ASC Topic 820 - *Fair Value Measurements* which introduces a framework for measuring fair value of certain assets and liabilities. FASB ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value: Level 1 – Quoted prices in active markets for identical assets or liabilities; Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**INCOME TAXES:** The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended March 31, 2021 and 2020.

The Foundation is generally no longer subject to examination by the Internal Revenue Service for fiscal years beginning before March 31, 2017.

## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 2 – Significant Accounting Policies (Continued)**

**ENDOWMENT FUNDS:** The Foundation’s endowment consists of individual donor-restricted funds established for a variety of purposes and four general unrestricted board-designated funds. Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board designated amounts are used to provide funding for the community grant program and other community needs as they arise.

#### **Note 3 – Investments**

Investments, stated at fair market value at March 31, 2021 and 2020 include:

	2021		
	Cost	Fair Value	Net Unrealized Gain
Cash and equivalents	\$ 1,057,619	\$ 1,057,619	\$ -
United States government obligations	970,684	1,009,073	38,389
State and federal agency obligations	1,442,706	1,481,096	38,390
Mutual funds	8,790,967	10,420,594	1,629,627
Corporate bonds, notes and capital goods	7,534,157	7,689,373	155,216
US equities	15,711,399	25,601,515	9,890,116
Non-US equities	2,411,443	3,093,728	682,285
	\$ 37,918,975	\$ 50,352,998	\$ 12,434,023
	2020		
	Cost	Fair Value	Net Unrealized Gain (Loss)
Cash and equivalents	\$ 760,097	\$ 760,097	\$ -
United States government obligations	1,120,828	1,179,304	58,476
State and federal agency obligations	1,458,943	1,506,344	47,401
Mutual funds	12,252,474	11,474,731	(777,743)
Corporate bonds, notes and capital goods	8,420,581	8,246,296	(174,285)
US equities	11,167,483	13,458,033	2,290,550
Non-US equities	2,278,337	1,978,887	(299,450)
	\$ 37,458,743	\$ 38,603,692	\$ 1,144,949

## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 3 – Investments (Continued)**

Investment income (loss) from cash and equivalents and investments is comprised of the following for the years ended March 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 241,845	\$ 739,814	\$ 981,659
Net gains realized and unrealized	3,073,036	8,807,148	11,880,184
Fees paid to trustee banks	<u>(29,978)</u>	<u>(85,762)</u>	<u>(115,740)</u>
<b>Total investment income</b>	<b><u>\$ 3,284,903</u></b>	<b><u>\$ 9,461,200</u></b>	<b><u>\$ 12,746,103</u></b>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 304,753	\$ 807,096	\$ 1,111,849
Net losses realized and unrealized	(326,134)	(3,205,090)	(3,531,224)
Fees paid to trustee banks	<u>(28,997)</u>	<u>(83,436)</u>	<u>(112,433)</u>
<b>Total investment loss</b>	<b><u>\$ (50,378)</u></b>	<b><u>\$ (2,481,430)</u></b>	<b><u>\$ (2,531,808)</u></b>

#### **Note 4 – Valuation of Investments**

The following summarizes the valuation of investments using fair value hierarchy levels at March 31, 2021 and 2020.

	2021			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 1,057,619	\$ -	\$ -	\$ 1,057,619
United States government obligations	1,009,073	-	-	1,009,073
State and federal agency obligations	1,481,096	-	-	1,481,096
Mutual funds	10,420,594	-	-	10,420,594
Corporate bonds, notes and capital goods	7,689,373	-	-	7,689,373
US equities	25,601,515	-	-	25,601,515
Non-US equities	<u>3,093,728</u>	<u>-</u>	<u>-</u>	<u>3,093,728</u>
<b>Total investments</b>	<b><u>\$ 50,352,998</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 50,352,998</u></b>

**BECKLEY AREA FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**Note 4 – Valuation of Investments (Continued)**

	2020			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 760,097	\$ -	\$ -	\$ 760,097
United States government obligations	1,179,304	-	-	1,179,304
State and federal agency obligations	1,506,344	-	-	1,506,344
Mutual funds	11,474,731	-	-	11,474,731
Corporate bonds, notes and capital goods	8,246,296	-	-	8,246,296
US equities	13,458,033	-	-	13,458,033
Non-US equities	1,978,887	-	-	1,978,887
<b>Total investments</b>	<b>\$ 38,603,692</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,603,692</b>

**Note 5 – Endowment Net Asset Composition by Type of Fund**

Description of amounts classified as net assets without donor restrictions and net assets with donor restrictions are as follows at March 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Donor-restricted endowment funds</b>			
Donor advised	\$ -	\$ 3,036,761	\$ 3,036,761
Designated agency	-	956,176	956,176
Donor designated	-	13,495,785	13,495,785
Field of interest	-	1,502,862	1,502,862
Geographic	-	378,816	378,816
Scholarships	-	17,044,383	17,044,383
Unrestricted	3,038,390	3,584,902	6,623,292
Administrative	-	1,079,518	1,079,518
Total donor-restricted funds	3,038,390	41,079,203	44,117,593
<b>Board-designated endowment funds</b>	6,281,761	-	6,281,761
Total endowment	9,320,151	41,079,203	50,399,354
Non-endowment	152,376	32,587	184,963
<b>Total net assets</b>	<b>\$ 9,472,527</b>	<b>\$ 41,111,790</b>	<b>\$ 50,584,317</b>

**BECKLEY AREA FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**Note 5 – Endowment Net Asset Composition by Type of Fund (Continued)**

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Donor-restricted endowment funds</b>			
Donor advised	\$ -	\$ 2,297,930	\$ 2,297,930
Designated agency	-	740,569	740,569
Donor designated	-	10,313,544	10,313,544
Field of interest	-	1,355,139	1,355,139
Geographic	-	287,012	287,012
Scholarships	-	13,084,214	13,084,214
Unrestricted	1,558,914	3,481,817	5,040,731
Administrative	-	827,084	827,084
Total donor-restricted funds	<u>1,558,914</u>	<u>32,387,309</u>	<u>33,946,223</u>
<b>Board-designated endowment funds</b>	4,758,146	-	4,758,146
Total endowment	<u>6,317,060</u>	<u>32,387,309</u>	<u>38,704,369</u>
Non-endowment	<u>122,799</u>	<u>31,055</u>	<u>153,854</u>
<b>Total net assets</b>	<u>\$ 6,439,859</u>	<u>\$ 32,418,364</u>	<u>\$ 38,858,223</u>

**Note 6 – Net Assets With Donor Restrictions**

Description of amounts classified as net assets with donor restrictions at March 31:

	2021	2020
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 20,591,323	\$ 20,153,101
The portion of endowment funds subject to spending policy and appropriation	20,487,880	12,234,208
Cash value life insurance	32,587	31,055
Total net assets with donor restrictions	<u>\$ 41,111,790</u>	<u>\$ 32,418,364</u>

**Net assets with donor restrictions released from purpose restrictions:**

Scholarships and grants from endowment funds	\$ 930,778	\$ 847,144
Administrative fees	274,980	256,151
Trustee bank fees	85,762	83,436
NIP fees	1,770	2,057
Total net assets released from restrictions	<u>\$ 1,293,290</u>	<u>\$ 1,188,788</u>

**BECKLEY AREA FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**Note 7 – Changes in Endowment Net Assets**

Changes in endowment net assets for the year ended March 31, 2021.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, beginning of year</b>	\$ 6,317,060	\$ 32,387,309	\$ 38,704,369
Investment return:			
Interest and dividends	241,845	739,814	981,659
Net appreciation realized and unrealized	3,073,091	8,807,148	11,880,239
Fees paid to trustee banks	(29,978)	(85,762)	(115,740)
Total investment return	<u>3,284,958</u>	<u>9,461,200</u>	<u>12,746,158</u>
Contributions	358,966	438,222	797,188
Appropriation of endowment assets for expenditure	<u>(640,833)</u>	<u>(1,207,528)</u>	<u>(1,848,361)</u>
<b>Endowment net assets, end of year</b>	<u>\$ 9,320,151</u>	<u>\$ 41,079,203</u>	<u>\$ 50,399,354</u>

Changes in endowment net assets for the year ended March 31, 2020.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, beginning of year</b>	\$ 6,685,369	\$ 35,400,104	\$ 42,085,473
Investment return:			
Interest and dividends	304,753	807,096	1,111,849
Net depreciation realized and unrealized	(326,134)	(3,205,090)	(3,531,224)
Fees paid to trustee banks	(28,997)	(83,436)	(112,433)
Total investment return	<u>(50,378)</u>	<u>(2,481,430)</u>	<u>(2,531,808)</u>
Contributions	344,633	573,987	918,620
Appropriation of endowment assets for expenditure	<u>(662,564)</u>	<u>(1,105,352)</u>	<u>(1,767,916)</u>
<b>Endowment net assets, end of year</b>	<u>\$ 6,317,060</u>	<u>\$ 32,387,309</u>	<u>\$ 38,704,369</u>

**Note 8 – Market Decline in Endowment Fund Assets**

The Foundation does not guarantee losses in the market value of investments if the investments' values decline to an amount where the underlying value of the funds is less than amounts donated to the fund. Accordingly, the Foundation may administer funds that have valuation deficiencies, and has adopted a policy suspending grants from funds if such a deficiency exists.

On March 31, 2021 no deficiencies existed in the donor restricted endowment funds.

## BECKLEY AREA FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 9 – Cash Surrender Value of Life Insurance**

The Foundation is the owner and beneficiary of a life insurance policy. The donor of the policy contributes the annual premiums to the Foundation, which in turn remits the premium to the life insurance company.

#### **Note 10 – Prior Year Summarized Comparative Information**

The statements of activities include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2020 of the prior year, from which the summarized information was derived.

#### **Note 11 – Availability of Financial Assets**

The following reflects the Foundation's financial assets as of March 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts already appropriated for expenditure within one year have not been subtracted as unavailable.

Financial assets	\$ 50,781,126
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions	
Donor-restricted endowment funds	(44,117,593)
Pending endowment funds	(200,000)
Cash value of life insurance	(32,587)
Board designations:	
Long-term investing, primarily for community grant program	<u>(6,281,761)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 149,185</u>

The Foundation is supported by the administrative fees assessed to each endowment fund and contributions without restrictions received from donors. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Though the Foundation could draw upon board designated funds in the event of financial distress or an immediate liquidity need resulting from events outside the normal course of operations, the intent of the Foundation is to continue to use the board designated funds to provide income for the community grant program and other community needs as they arise.

#### **Note 12 – Paycheck Protection Program Loan**

As part of the United States Government's response to the COVID-19 pandemic a Small Business Administration (SBA) backed loan program called the Paycheck Protection Program (PPP) was created to help eligible businesses pay and maintain their workforce. If the PPP loan proceeds were used to pay payroll and certain other eligible costs the SBA would forgive all or part of the loan. In April of 2020 the Foundation received a PPP loan of \$49,700. In April of 2021 the SBA forgave \$49,390 of the PPP loan. PPP loan forgiveness of \$49,390 is included in the statement of activities. The remaining balance of \$310 is included in accounts payable in the statement of financial position and was paid in April 2021.

#### **Note 13 – Subsequent Events**

The Foundation has evaluated subsequent events and transactions as of August 17, 2021, the date the financials were issued. No subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.