

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

**FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021**

**RICHMOND & COMPANY, CPA'S, A.C.
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BECKLEY AREA FOUNDATION, INC.

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Independent Auditors' Report

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

Opinion

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, 2022 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Beckley Area Foundation, Inc.** as of March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Beckley Area Foundation, 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 **Beckley Area Foundation'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

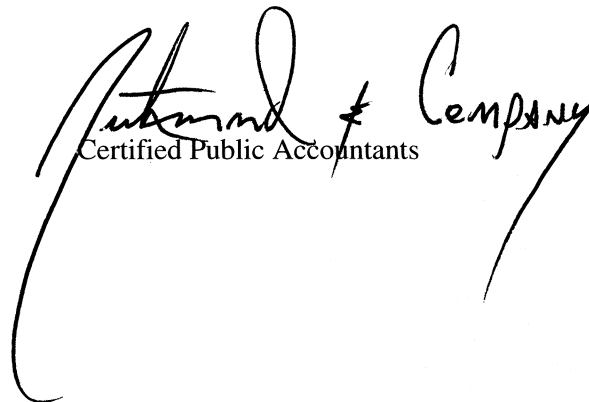
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Beckley Area Foundation's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Beckley Area 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.

Report on Summarized Comparative Information

We have previously audited the **Beckley Area Foundation, Inc.'s** 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 20, 2022


Certified Public Accountants

BECKLEY AREA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 277,310	\$ 309,412
Accrued interest receivable	86,525	86,129
Prepaid expenses	16,264	18,508
Total Current Assets	<u>380,099</u>	<u>414,049</u>
<u>Property and Equipment</u>		
Real estate	45,813	45,813
Building and improvements	465,418	6,276
Office and computer equipment	82,793	50,676
	<u>594,024</u>	<u>102,765</u>
Less accumulated depreciation	(39,055)	(49,709)
Property and Equipment-Net	<u>554,969</u>	<u>53,056</u>
<u>Other Assets</u>		
Investments	63,096,879	50,352,998
Cash surrender value of life insurance	34,125	32,587
Total Other Assets	<u>63,131,004</u>	<u>50,385,585</u>
 TOTAL ASSETS	 <u>\$ 64,066,072</u>	 <u>\$ 50,852,690</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 19,629	\$ 15,119
Grants payable	71,600	53,254
Donations - funds pending	67,547	200,000
Total Current Liabilities	<u>158,776</u>	<u>268,373</u>
<u>Long-Term Liabilities</u>		
Line of credit	<u>196,034</u>	<u>-</u>
<u>Net Assets</u>		
Without Donor Restrictions	10,251,387	9,472,527
With Donor Restrictions	53,459,875	41,111,790
Total Net Assets	<u>63,711,262</u>	<u>50,584,317</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 64,066,072</u>	 <u>\$ 50,852,690</u>

The accompanying notes are an integral part of these statements.

BECKLEY AREA FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended March 31, 2022
With Comparative Totals as of March 31, 2021

	2022			2021
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Summarized</u>
SUPPORT AND REVENUE				
Contributions	\$ 692,892	\$ 12,186,906	\$ 12,879,798	\$ 920,769
Investment income	741,824	1,501,971	2,243,795	12,746,103
Miscellaneous revenue	500	-	500	-
Loss on disposal of fixed assets	(816)	-	(816)	-
PPP loan forgiveness	-	-	-	49,390
Change in cash value of life insurance	-	1,538	1,538	1,532
Net assets released from restrictions	1,342,330	(1,342,330)	-	-
Total support and revenue	<u>2,776,730</u>	<u>12,348,085</u>	<u>15,124,815</u>	<u>13,717,794</u>
EXPENSES				
Programs Services:				
Grants and scholarships awarded	1,604,771	-	1,604,771	1,584,123
Other program expenses	4,267	-	4,267	-
Total program services	<u>1,609,038</u>	<u>-</u>	<u>1,609,038</u>	<u>1,584,123</u>
Supporting Services:				
Salaries and related taxes	292,667	-	292,667	323,303
Depreciation	8,435	-	8,435	4,068
Office and other	87,024	-	87,024	80,206
Interest expense	706	-	706	-
Total supporting services	<u>388,832</u>	<u>-</u>	<u>388,832</u>	<u>407,577</u>
Total expenses	<u>1,997,870</u>	<u>-</u>	<u>1,997,870</u>	<u>1,991,700</u>
Change in Net Assets	778,860	12,348,085	13,126,945	11,726,094
Net Assets, Beginning of Year	<u>9,472,527</u>	<u>41,111,790</u>	<u>50,584,317</u>	<u>38,858,223</u>
Net Assets, End of Year	<u>\$ 10,251,387</u>	<u>\$ 53,459,875</u>	<u>\$ 63,711,262</u>	<u>\$ 50,584,317</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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 13,126,945	\$ 11,726,094
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	8,435	4,068
Loss on disposal of property and equipment	816	-
Increase in cash value life insurance	(1,538)	(1,532)
(Increase) Decrease in accrued income	(396)	11,082
Decrease (Increase) in prepaid expenses	2,244	(9,714)
Increase in accounts payable	4,510	188
Increase (Decrease) in grants payable	18,346	(15,629)
(Decrease) Increase in donations - funds pending	(132,453)	96,310
Contributions and support restricted for long-term investment	(12,186,906)	(438,222)
Unrealized and realized net gains on investments	(1,334,003)	(11,880,184)
Net Cash Used For Operating Activities	(494,000)	(507,539)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(511,163)	-
Net (purchases) proceeds from sale of investments	(11,409,879)	130,879
Net Cash (Used For) Provided By Investing Activities	(11,921,042)	130,879
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions and support restricted for long-term investment	12,186,906	438,222
Net draws on line of credit	196,034	-
Net Cash Provided By Financing Activities	12,382,940	438,222
Net (Decrease) Increase in Cash and Cash Equivalents	(32,102)	61,562
Cash and Cash Equivalents Beginning of Year	309,412	247,850
Cash and Cash Equivalents End of Year	\$ 277,310	\$ 309,412
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 706	\$ -

The accompanying notes are an integral part of these statements.

BECKLEY AREA FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2022 and 2021

	2022			
	Program	Management and General	Fundraising	Total
Grants and scholarships awarded	\$ 1,604,771	\$ -	\$ -	\$ 1,604,771
Other program expenses	4,267	-	-	4,267
Salaries and related taxes	-	284,863	7,804	292,667
Depreciation	-	8,435	-	8,435
Office and other	-	86,564	460	87,024
Interest expense	-	706	-	706
	\$ 1,609,038	\$ 380,568	\$ 8,264	\$ 1,997,870

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

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 forty 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 31st 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 leased office space on a month to month basis. Rent expense under this lease was \$6,220 and \$6,960 for the years ended March 31, 2022 and 2021 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, 2022 and 2021 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, 2022 and 2021 were \$464,191 and \$369,281 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, 2022 and 2021.

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, 2022 and 2021 include:

	2022		
	Cost	Fair Value	Net Unrealized Gain (Loss)
Cash and equivalents	\$ 2,105,153	\$ 2,105,153	\$ -
United States government obligations	1,221,231	1,226,119	4,888
State and federal agency obligations	3,770,992	3,640,729	(130,263)
Mutual funds	14,474,557	15,469,784	995,227
Corporate bonds, notes and capital goods	8,417,467	8,148,692	(268,775)
US equities	17,902,159	29,770,096	11,867,937
Non-US equities	2,487,214	2,736,306	249,092
	\$ 50,378,773	\$ 63,096,879	\$ 12,718,106
	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

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments (Continued)

Investment income from cash and equivalents and investments is comprised of the following for the years ended March 31, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 245,910	\$ 811,507	\$ 1,057,417
Net gains realized and unrealized	531,440	802,563	1,334,003
Fees paid to trustee banks	(35,526)	(112,099)	(147,625)
Total investment income	\$ 741,824	\$ 1,501,971	\$ 2,243,795

	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	(29,978)	(85,762)	(115,740)
Total investment income	\$ 3,284,903	\$ 9,461,200	\$ 12,746,103

Note 4 – Valuation of Investments

The following summarizes the valuation of investments using fair value hierarchy levels at March 31, 2022 and 2021.

	2022			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 2,105,153	\$ -	\$ -	\$ 2,105,153
United States government obligations	1,226,119	-	-	1,226,119
State and federal agency obligations	3,640,729	-	-	3,640,729
Mutual funds	15,469,784	-	-	15,469,784
Corporate bonds, notes and capital goods	8,148,692	-	-	8,148,692
US equities	29,770,096	-	-	29,770,096
Non-US equities	2,736,306	-	-	2,736,306
Total investments	\$ 63,096,879	\$ -	\$ -	\$ 63,096,879

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 – Valuation of Investments (Continued)

	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	3,093,728	-	-	3,093,728
Total investments	\$ 50,352,998	\$ -	\$ -	\$ 50,352,998

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, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Donor advised	\$ -	\$ 3,521,836	\$ 3,521,836
Designated agency	-	981,008	981,008
Donor designated	-	17,380,446	17,380,446
Field of interest	-	1,587,981	1,587,981
Geographic	-	403,151	403,151
Scholarships	-	24,664,680	24,664,680
Unrestricted	3,227,253	3,727,117	6,954,370
Administrative	-	1,131,858	1,131,858
Total donor-restricted funds	3,227,253	53,398,077	56,625,330
Board-designated endowment funds	6,495,878	-	6,495,878
Total endowment	9,723,131	53,398,077	63,121,208
Non-endowment	528,256	61,798	590,054
Total net assets	\$ 10,251,387	\$ 53,459,875	\$ 63,711,262

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

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

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Donor-restricted endowment funds			
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	<u>3,038,390</u>	<u>41,079,203</u>	<u>44,117,593</u>
Board-designated endowment funds	6,281,761	-	6,281,761
Total endowment	<u>9,320,151</u>	<u>41,079,203</u>	<u>50,399,354</u>
Non-endowment	<u>152,376</u>	<u>32,587</u>	<u>184,963</u>
Total net assets	<u>\$ 9,472,527</u>	<u>\$ 41,111,790</u>	<u>\$ 50,584,317</u>

Note 6 – Net Assets With Donor Restrictions

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

	2022	2021
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 32,627,026	\$ 20,591,323
The portion of endowment funds subject to spending policy and appropriation	20,771,051	20,487,880
Cash value life insurance	34,125	32,587
Building campaign	27,673	-
Total net assets with donor restrictions	<u>\$ 53,459,875</u>	<u>\$ 41,111,790</u>

Net assets with donor restrictions released from purpose restrictions:

Scholarships and grants	\$ 985,288	\$ 930,778
Administrative fees	355,729	274,980
Trustee bank fees	112,099	85,762
NIP fees	1,313	1,770
Total net assets released from restrictions	<u>\$ 1,454,429</u>	<u>\$ 1,293,290</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, 2022.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,320,151	\$ 41,079,203	\$ 50,399,354
Investment return:			
Interest and dividends	245,910	811,507	1,057,417
Net appreciation realized and unrealized	532,190	802,563	1,334,753
Fees paid to trustee banks	(35,526)	(112,099)	(147,625)
Total investment return	<u>742,574</u>	<u>1,501,971</u>	<u>2,244,545</u>
Contributions	384,460	12,035,703	12,420,163
Appropriation of endowment assets for expenditure	<u>(724,054)</u>	<u>(1,218,800)</u>	<u>(1,942,854)</u>
Endowment net assets, end of year	<u>\$ 9,723,131</u>	<u>\$ 53,398,077</u>	<u>\$ 63,121,208</u>

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>
Endowment net assets, beginning of year	\$ 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>
Endowment net assets, end of year	<u>\$ 9,320,151</u>	<u>\$ 41,079,203</u>	<u>\$ 50,399,354</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, 2022 deficiencies of \$616,806 existed in 7 donor restricted endowment funds which have historical gift values of \$11,246,623 and current fair values of \$10,629,817.

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, 2021 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, 2022, 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.

Cash and cash equivalents	\$ 277,310
Accrued interest receivable	86,525
Investments	63,096,879
Cash value of life insurance	34,125
Financial assets	<u>63,494,839</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions	
Donor-restricted endowment funds	(56,625,330)
Pending endowment funds	(67,547)
Cash value of life insurance	(34,125)
Building campaign	(27,673)
Board designations:	
Long-term investing, primarily for community grant program	<u>(6,495,878)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 244,286</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.

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

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 at March 31, 2021 in the statement of financial position and was paid in April 2021.

Note 13 – Line of Credit

The Foundation has a \$350,000 line of credit with a local bank. Advances on the line of credit are due in November 2023. The line carries an interest rate of 2.25% and is secured by the Foundation's office building.

Note 14 – Subsequent Events

The Foundation has evaluated subsequent events and transactions as of June 20, 2022, the date the financials were issued. No subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.