

BECKLEY AREA FOUNDATION, INC.
BECKLEY, WEST VIRGINIA

FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2023 AND 2022

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, 2023 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, 2023, 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:

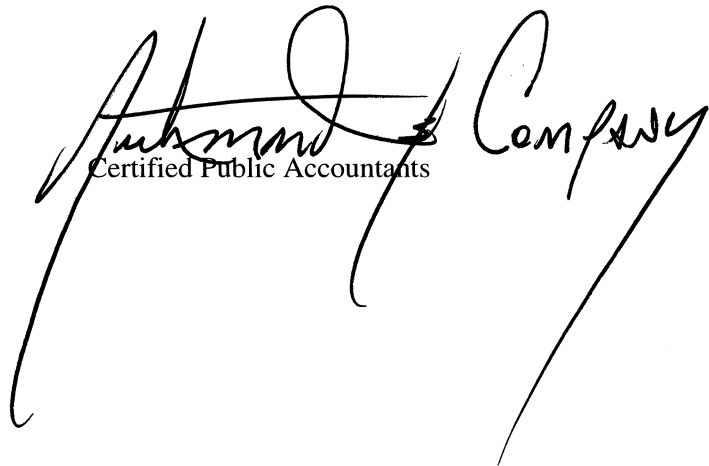
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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** 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 20, 2023


Certified Public Accountants

BECKLEY AREA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 222,481	\$ 277,310
Accrued interest receivable	149,713	86,525
Prepaid expenses	7,356	16,264
Total Current Assets	<u>379,550</u>	<u>380,099</u>
<u>Property and Equipment</u>		
Land and improvements	103,752	45,813
Building and improvements	470,959	465,418
Office and computer equipment	82,793	82,793
	<u>657,504</u>	<u>594,024</u>
Less accumulated depreciation	(66,203)	(39,055)
Property and Equipment-Net	<u>591,301</u>	<u>554,969</u>
<u>Other Assets</u>		
Investments	59,681,504	63,096,879
Cash surrender value of life insurance	35,652	34,125
Total Other Assets	<u>59,717,156</u>	<u>63,131,004</u>
 TOTAL ASSETS	 <u>\$ 60,688,007</u>	 <u>\$ 64,066,072</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 6,256	\$ 19,629
Grants payable	15,644	71,600
Donations - funds pending	26,814	67,547
Total Current Liabilities	<u>48,714</u>	<u>158,776</u>
<u>Long-Term Liabilities</u>		
Line of credit	<u>-</u>	<u>196,034</u>
<u>Net Assets</u>		
Without Donor Restrictions	9,468,626	10,251,387
With Donor Restrictions	51,170,667	53,459,875
Total Net Assets	<u>60,639,293</u>	<u>63,711,262</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 60,688,007</u>	 <u>\$ 64,066,072</u>

The accompanying notes are an integral part of these statements.

BECKLEY AREA FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended March 31, 2023
With Comparative Totals as of March 31, 2022

	2023			2022
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Summarized</u>
SUPPORT AND REVENUE				
Contributions	\$ 530,325	\$ 1,917,095	\$ 2,447,420	\$ 12,879,798
Investment (loss) income	(768,815)	(2,547,135)	(3,315,950)	2,243,795
Miscellaneous revenue	11,830	-	11,830	500
Loss on disposal of fixed assets	(8,515)	-	(8,515)	(816)
Change in cash value of life insurance	-	1,527	1,527	1,538
Net assets released from restrictions	1,660,695	(1,660,695)	-	-
Total support and revenue	<u>1,425,520</u>	<u>(2,289,208)</u>	<u>(863,688)</u>	<u>15,124,815</u>
EXPENSES				
Programs Services:				
Grants and scholarships awarded	1,780,055	-	1,780,055	1,604,771
Other program expenses	1,236	-	1,236	4,267
Total program services	<u>1,781,291</u>	<u>-</u>	<u>1,781,291</u>	<u>1,609,038</u>
Supporting Services:				
Salaries and related taxes	291,711	-	291,711	292,667
Depreciation	27,147	-	27,147	8,435
Office and other	87,204	-	87,204	87,024
Special event expense	16,520	-	16,520	-
Interest expense	4,408	-	4,408	706
Total supporting services	<u>426,990</u>	<u>-</u>	<u>426,990</u>	<u>388,832</u>
Total expenses	<u>2,208,281</u>	<u>-</u>	<u>2,208,281</u>	<u>1,997,870</u>
Change in Net Assets	(782,761)	(2,289,208)	(3,071,969)	13,126,945
Net Assets, Beginning of Year	<u>10,251,387</u>	<u>53,459,875</u>	<u>63,711,262</u>	<u>50,584,317</u>
Net Assets, End of Year	<u>\$ 9,468,626</u>	<u>\$ 51,170,667</u>	<u>\$ 60,639,293</u>	<u>\$ 63,711,262</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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,071,969)	\$ 13,126,945
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	27,147	8,435
Loss on disposal of property and equipment	8,515	816
Increase in cash value life insurance	(1,527)	(1,538)
Increase in accrued income	(63,188)	(396)
Decrease in prepaid expenses	8,908	2,244
(Decrease) Increase in accounts payable	(13,373)	4,510
(Decrease) Increase in grants payable	(55,956)	18,346
Decrease in donations - funds pending	(40,733)	(132,453)
Contributions and support restricted for long-term investment	(1,760,755)	(12,186,906)
Unrealized and realized net losses (gains) on investments	4,485,165	(1,334,003)
Net Cash Used For Operating Activities	(477,766)	(494,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(108,542)	(511,163)
Proceeds from the sale of property	36,548	-
Net purchases of investments	(1,069,790)	(11,409,879)
Net Used For Investing Activities	(1,141,784)	(11,921,042)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions and support restricted for long-term investment	1,760,755	12,186,906
Net (payments) draws on line of credit	(196,034)	196,034
Net Cash Provided By Financing Activities	1,564,721	12,382,940
Net Decrease in Cash and Cash Equivalents	(54,829)	(32,102)
Cash and Cash Equivalents Beginning of Year	277,310	309,412
Cash and Cash Equivalents End of Year	\$ 222,481	\$ 277,310
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 4,408	\$ 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, 2023 and 2022

	2023			
	Program	Management and General	Fundraising	Total
Grants and scholarships awarded	\$ 1,780,055	\$ -	\$ -	\$ 1,780,055
Other program expenses	1,236	-	-	1,236
Salaries and related taxes	-	284,368	7,343	291,711
Depreciation	-	27,147	-	27,147
Office and other	-	86,752	452	87,204
Special event expense	-	-	16,520	16,520
Interest expense	-	4,408	-	4,408
	\$ 1,781,291	\$ 402,675	\$ 24,315	\$ 2,208,281

	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
Special event expense	-	-	-	-
Interest expense	-	706	-	706
	\$ 1,609,038	\$ 380,568	\$ 8,264	\$ 1,997,870

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.

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.

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, 2023 and 2022 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, 2023 and 2022 were \$468,340 and \$464,191 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, 2023 and 2022.

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 – Significant Accounting Policies (Continued)

LEASES: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The new standard requires lessees to recognize right-of-use assets (ROU) and lease liabilities for operating leases on the statement of financial position. The Foundation elected to adopt the ASU effective April 1, 2022, and utilized all of the available practical expedients. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The Foundation leased office space on a month to month basis. Rent expense under this lease was \$0 and \$6,220 for the years ended March 31, 2023 and 2022 respectively.

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, 2023 and 2022 include:

	2023		
	Cost	Fair Value	Net Unrealized Gain (Loss)
Cash and equivalents	\$ 1,532,291	\$ 1,532,291	\$ -
United States government obligations	1,972,483	1,966,394	(6,089)
State and federal agency obligations	5,159,096	4,971,775	(187,321)
Mutual funds	15,475,393	17,023,989	1,548,596
Corporate bonds, notes and capital goods	10,672,141	10,292,067	(380,074)
US equities	13,267,547	19,930,609	6,663,062
Non-US equities	4,082,097	3,964,379	(117,718)
	\$ 52,161,048	\$ 59,681,504	\$ 7,520,456
	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

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments (Continued)

Investment (loss) income from cash and equivalents and investments is comprised of the following for the years ended March 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 284,066	\$ 1,034,768	\$ 1,318,834
Net losses realized and unrealized	(1,020,616)	(3,464,548)	(4,485,164)
Fees paid to trustee banks	(32,265)	(117,355)	(149,620)
Total investment loss	\$ (768,815)	\$ (2,547,135)	\$ (3,315,950)

	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

Note 4 – Valuation of Investments

The following summarizes the valuation of investments using fair value hierarchy levels at March 31, 2023 and 2022.

	2023			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 1,532,291	\$ -	\$ -	\$ 1,532,291
United States government obligations	1,966,394	-	-	1,966,394
State and federal agency obligations	4,971,775	-	-	4,971,775
Mutual funds	17,023,989	-	-	17,023,989
Corporate bonds, notes and capital goods	10,292,067	-	-	10,292,067
US equities	19,930,609	-	-	19,930,609
Non-US equities	3,964,379	-	-	3,964,379
Total investments	\$ 59,681,504	\$ -	\$ -	\$ 59,681,504

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 – Valuation of Investments (Continued)

	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

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, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Donor advised	\$ -	\$ 3,409,632	\$ 3,409,632
Designated agency	-	896,193	896,193
Donor designated	-	17,163,400	17,163,400
Field of interest	-	1,414,421	1,414,421
Geographic	-	388,289	388,289
Scholarships	-	23,034,143	23,034,143
Unrestricted	2,661,252	3,783,372	6,444,624
Administrative	-	1,045,565	1,045,565
Total donor-restricted funds	2,661,252	51,135,015	53,796,267
Board-designated endowment funds	6,009,062	-	6,009,062
Total endowment	8,670,314	51,135,015	59,805,329
Non-endowment	798,312	35,652	833,964
Total net assets	\$ 9,468,626	\$ 51,170,667	\$ 60,639,293

BECKLEY AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

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

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
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	<u>3,227,253</u>	<u>53,398,077</u>	<u>56,625,330</u>
Board-designated endowment funds	6,495,878	-	6,495,878
Total endowment	<u>9,723,131</u>	<u>53,398,077</u>	<u>63,121,208</u>
Non-endowment	<u>528,256</u>	<u>61,798</u>	<u>590,054</u>
Total net assets	<u>\$ 10,251,387</u>	<u>\$ 53,459,875</u>	<u>\$ 63,711,262</u>

Note 6 – Net Assets With Donor Restrictions

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

	2023	2022
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 34,387,781	\$ 32,627,026
The portion of endowment funds subject to spending policy and appropriation	16,747,234	20,771,051
Cash value life insurance	35,652	34,125
Building campaign	-	27,673
Total net assets with donor restrictions	<u>\$ 51,170,667</u>	<u>\$ 53,459,875</u>

Net assets with donor restrictions released from purpose restrictions:

Scholarships and grants	\$ 1,106,823	\$ 985,288
Administrative fees	368,838	355,729
Trustee bank fees	117,355	112,099
NIP fees	1,020	1,313
Building campaign	184,014	-
Total net assets released from restrictions	<u>\$ 1,778,050</u>	<u>\$ 1,454,429</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, 2023.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,723,131	\$ 53,398,077	\$ 63,121,208
Investment return:			
Interest and dividends	284,066	1,034,768	1,318,834
Net depreciation realized and unrealized	(1,020,548)	(3,464,548)	(4,485,096)
Fees paid to trustee banks	(32,265)	(117,355)	(149,620)
Total investment return	<u>(768,747)</u>	<u>(2,547,135)</u>	<u>(3,315,882)</u>
Contributions	305,364	1,760,755	2,066,119
Appropriation of endowment assets for expenditure	<u>(589,434)</u>	<u>(1,476,682)</u>	<u>(2,066,116)</u>
Endowment net assets, end of year	<u>\$ 8,670,314</u>	<u>\$ 51,135,015</u>	<u>\$ 59,805,329</u>

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>

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, 2023 deficiencies of \$1,208,226 existed in 23 donor restricted endowment funds which have historical gift values of \$12,755,757 and current fair values of \$11,547,531. 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, 2022 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, 2023, 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	\$ 222,481
Accrued interest receivable	149,713
Investments	59,681,504
Cash value of life insurance	35,652
Financial assets	<u>60,089,350</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions	
Donor-restricted endowment funds	(53,796,267)
Pending endowment funds	(26,814)
Cash value of life insurance	(35,652)
Board designations:	
Long-term investing, primarily for community grant program	<u>(6,009,062)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 221,555</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 – Line of Credit

The Foundation had a \$350,000 line of credit with a local bank. The line carried an interest rate of 2.25% and was secured by the Foundation's office building. The line of credit was paid off in March 2023.

Note 13 – Subsequent Events

The Foundation has evaluated subsequent events and transactions as of June 20, 2023, the date the financials were issued. No subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.