

**NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.
SUMMERSVILLE, WEST VIRGINIA**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

**RICHMOND & COMPANY, CPA'S, A.C.
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NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

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Independent Auditors' Report

To the Board of Directors of
Nicholas County Community Foundation, Inc.
Summersville, West Virginia

Opinion

We have audited the accompanying financial statements of the **Nicholas County Community Foundation, Inc.** (a non-profit corporation), which comprise the statement of financial position as of December 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 **Nicholas County Community Foundation, Inc.** as of December 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 **Nicholas County Community 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 **Nicholas County Community 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,

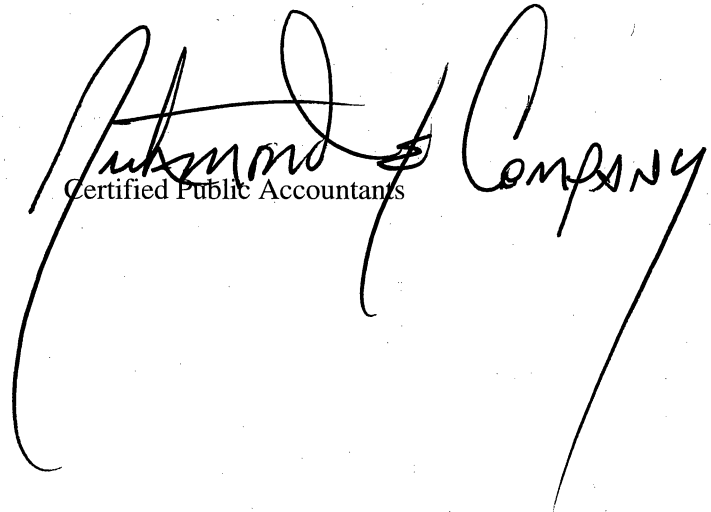
individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 **Nicholas County Community 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 **Nicholas County Community 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.

June 24, 2024


Subermond & Company
Certified Public Accountants

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 14,628
Total Current Assets	14,628

Other Assets

Restricted cash	1,000
Investments	6,367,837
Coal mineral rights	100
Total Other Assets	6,368,937

TOTAL ASSETS	\$ <u><u>6,383,565</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Payroll taxes withheld	\$ 2,080
Grants payable	7,438
Total Current Liabilities	9,518

Other Liabilities

Funds held for others	508,905
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Net Assets

Without donor restrictions	143,462
With donor restrictions	5,721,680
Total Net Assets	5,865,142

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>6,383,565</u></u>
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The accompanying notes are an integral part of these statements.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 38,435	\$ 458,573	\$ 497,008
Investment income	20,401	803,195	823,596
Donated facilities revenue	3,000	-	3,000
Administrative fees for non-endowed funds	3,974	-	3,974
Net assets released from restrictions	249,979	(249,979)	-
Total support and revenue	<u>315,789</u>	<u>1,011,789</u>	<u>1,327,578</u>
EXPENSES			
Grants and scholarships awarded	223,423	-	223,423
Salaries and related taxes	35,603	-	35,603
Donated facilities cost	3,000	-	3,000
Advertising	2,672	-	2,672
Community relations	4,638	-	4,638
Dues and subscriptions	955	-	955
Telephone & utilities	1,395	-	1,395
Office expense	6,569	-	6,569
Neighborhood investment program	3,330	-	3,330
Conferences and seminars	425	-	425
Travel	171	-	171
Taxes, licenses, fees and permits	1,350	-	1,350
Insurance	3,959	-	3,959
Professional fees	9,500	-	9,500
Total expenses	<u>296,990</u>	<u>-</u>	<u>296,990</u>
Change in Net Assets	18,799	1,011,789	1,030,588
Net Assets, Beginning of Year	<u>124,663</u>	<u>4,709,891</u>	<u>4,834,554</u>
Net Assets, End of Year	<u>\$ 143,462</u>	<u>\$ 5,721,680</u>	<u>\$ 5,865,142</u>

The accompanying notes are an integral part of these statements.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 1,030,588

Adjustments to reconcile change in net assets to net cash
used in operating activities:

Decrease in accounts payable	(180)
Increase in payroll taxes withheld	1,935
Decrease in grants payable	(1,898)
Increase in funds held for others	111,470
Contributions and support restricted for long-term investment	(458,573)
Unrealized and realized net gains on investments	<u>(737,964)</u>
Net Cash Used In Operating Activities	<u><u>(54,622)</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net purchases of investments	<u>(400,996)</u>
Net Cash Used In Investing Activities	<u><u>(400,996)</u></u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from contributions and support restricted for investment in endowment	<u>458,573</u>
Net Cash Provided By Financing Activities	<u><u>458,573</u></u>

Net Increase in Cash and Restricted Cash	2,955
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Cash and Restricted Cash Beginning of Year	<u>12,673</u>
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Cash and Restricted Cash End of Year	<u><u>\$ 15,628</u></u>
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The accompanying notes are an integral part of these statements.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Grants and scholarships awarded	\$ 223,423	\$ -	\$ 223,423
Salaries and related taxes	-	35,603	35,603
Donated facilities cost	-	3,000	3,000
Advertising	-	2,672	2,672
Community relations	-	4,638	4,638
Dues and subscriptions	-	955	955
Telephone & utilities	-	1,395	1,395
Office expense	-	6,569	6,569
Neighborhood investment program	-	3,330	3,330
Conferences and seminars	-	425	425
Travel	-	171	171
Taxes, licenses, fees and permits	-	1,350	1,350
Insurance	-	3,959	3,959
Professional fees	-	9,500	9,500
	<u>\$ 223,423</u>	<u>\$ 73,567</u>	<u>\$ 296,990</u>

The accompanying notes are an integral part of these statements.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Foundation

Nicholas County Community Foundation, Inc. (“the Foundation”) is a not-for-profit community foundation incorporated in October 2006 under West Virginia law. The Foundation was created to serve as a community trust organized to accept contributions, establish and administer endowment funds and distribute income or principal for the benefit of and enhance the quality of life of the people of Nicholas County, West Virginia.

Note 2 – Significant Accounting Policies

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents consist of cash held in a checking account and a money market account. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

INVESTMENTS: Investments are stated at their fair market value based on price quotations available in the open market and supplied by a local banking institution, 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 and non-endowment funds on a pro-rata basis.

CONTRIBUTIONS: Contributions received are recorded at their fair market value on the date received.

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.

FUNCTIONAL EXPENSES: Since the Foundation performs no program services and does not conduct a formal fundraising campaign, all operating costs and expenses are considered general and administrative.

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

DONATED FACILITIES AND SERVICES: A local business provides office space to the Foundation. The estimated fair value of utilizing these facilities is based on management’s estimate of the fair market value of the office space and is reflected as both contributed revenue and facilities expense in the statement of activities.

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.

NICHOLAS COUNTY COMMUNITY 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 mutual funds, fixed income and equity holdings. The investments are held in the trust department at a local banking institution which is 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 up to 5.0% 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, the spending rate will be adjusted to the dividend and interest income less administrative and trustee fees.

ADMINISTRATIVE FEES: The Foundation's policy is to assess each endowment fund maintained an annual administrative fee calculated by multiplying the market value of each fund by 1.0% for funds with market values under \$1,000,000 or 0.5% for funds with market values over \$1,000,000. These fees are used by the Foundation to pay for administrative costs incurred in maintaining the funds and managing the Foundation. Administrative fees assessed for endowment funds were \$36,122. For financial statement purposes, the administrative fee income assessed by the Foundation for the endowment funds is netted against the administrative fee expense recognized by the endowment funds. These amounts net to zero.

The Foundation assess each non-endowment fund held for others an administrative fee based upon the agreement with the other organization. Administrative fees assessed for non-endowment funds held for others was \$3,974 and is reported in the statement of activities as income.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 – Significant Accounting Policies (Continued)

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 year ended December 31, 2023.

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 unrestricted donor-designated funds, contributions not classified with donor restrictions, 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 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 and trustee bank 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.

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.

ENDOWMENT FUNDS: The Foundation's endowment consists of individual donor-restricted funds established for a variety of purposes. Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FUNDS HELD FOR OTHERS: The Foundation has entered into agreements with other local nonprofit organizations allowing those organizations to create non-endowment funds. These funds are held in the Foundation's investment pool, receive a pro-rata share of income and expenses from the investments and the organization that created the fund can request the pro-rate share of the total value of their fund to be distributed to them at any time.

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2 – Significant Accounting Policies (Continued)

GOVERNING BOARD DESIGNATIONS: From net assets without donor restrictions the Foundation’s governing board designated a quasi-endowment fund to be included in the investment pool and receive a pro-rata share of income and expenses from the investments. The board designated amounts are used to provide funds for the community grant program.

LEASES: 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.

Note 3 – Investments

Investments, stated at fair market value at December 31, 2023 include:

	Cost	Fair Value	Net Unrealized Gain (Loss)
Cash and equivalents	\$ 236,732	\$ 236,732	\$ -
Equities	3,641,897	4,555,901	914,004
Fixed income	1,660,307	1,575,204	(85,103)
	\$ 5,538,936	\$ 6,367,837	\$ 828,901

Investment income from cash and equivalents and investments is comprised of the following for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 2,935	\$ 102,001	\$ 104,936
Net appreciation realized and unrealized	18,066	724,956	743,022
Less: fees paid to trustee bank	(600)	(23,762)	(24,362)
Total investment income	\$ 20,401	\$ 803,195	\$ 823,596

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 – Valuation of Investments

The following summarizes the valuation of investments using fair value hierarchy levels at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 236,732	\$ -	\$ -	\$ 236,732
Equities	4,555,901	-	-	4,555,901
Fixed income	<u>1,575,204</u>	<u>-</u>	<u>-</u>	<u>1,575,204</u>
Total investments	<u>\$ 6,367,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,367,837</u>

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 December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
Endowment funds				
Donor advised	\$ -	\$ 911,471	\$	911,471
Designated agency	-	35,379		35,379
Donor designated	-	403,145		403,145
Field of interest	-	3,015,417		3,015,417
Scholarships	<u>-</u>	<u>1,356,268</u>		<u>1,356,268</u>
Total endowment	-	<u>5,721,680</u>		<u>5,721,680</u>
Board-designated	138,252	-		138,252
Non-endowment	<u>5,210</u>	<u>-</u>		<u>5,210</u>
Total net assets	<u>\$ 143,462</u>	<u>\$ 5,721,680</u>	<u>\$</u>	<u>5,865,142</u>

Note 6 – Net Assets With Donor Restrictions

Description of amounts classified as net assets with donor restrictions at December 31, 2023:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 4,889,761
The portion of endowment funds subject to spending policy and appropriation	<u>831,919</u>
Total net assets with donor restrictions	<u>\$ 5,721,680</u>

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Restricted Cash

Description of amounts classified as restricted cash at December 31, 2023:

Amount to transfer to endowment	\$	1,000
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Note 8 – Net Assets Released From Restrictions

Net assets released from restrictions were the following for the year ended December 31, 2023:

Scholarships and grants	\$	209,146
Administrative fees		34,885
Trustee bank fees		23,762
Passthrough scholarship		<u>5,948</u>
Total net assets released from restrictions	\$	<u><u>273,741</u></u>

Note 9 – Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,703,943	\$ 4,703,943
Investment return:			
Interest and dividends	-	102,001	102,001
Net appreciation realized and unrealized	-	724,956	724,956
Fees paid to trustee bank	-	(23,762)	(23,762)
Total investment income	-	803,195	803,195
Contributions	-	458,573	458,573
Appropriation of endowment assets for expenditure	-	(244,031)	(244,031)
Endowment net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 5,721,680</u></u>	<u><u>\$ 5,721,680</u></u>

NICHOLAS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10 – Market Decline in Endowment Fund Assets

From time to time, the fair value of investments associated with individual donor-restricted endowment funds may fall below the historical gift value of such funds. On December 31, 2023 deficiencies of \$1,007 existed in 3 donor restricted endowment funds which have historical gift values of \$68,900 and current fair values of \$67,893.

Note 11 – Availability of Financial Assets

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	14,628
Restricted cash		1,000
Investments		6,367,837
Financial assets, at year end		<u>6,383,465</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Endowment funds		(5,721,680)
Funds held for others		(508,905)
Board designations:		
Quasi-endowment fund, primarily for community grant program		<u>(138,252)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>14,628</u></u>

The Foundation is supported by the administrative fees assessed to each endowment and non-endowment fund and contributions without restrictions received from donors. In order to meet responsibilities to its donors the Foundation must maintain sufficient resources to be used in a particular manner or in a future period thus, financial assets may not be available for general expenditure within one year. Though the board designated quasi-endowment fund is primarily used to provide funds for the community grant program the Foundation could draw upon those funds in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 12 – Subsequent Events

The Foundation has evaluated subsequent events and transactions as of June 24, 2024, the date the financials were issued. No subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.