

# Wayne County Community Foundation

*Consolidated Financial Statements*

As of and for the Years Ended  
June 30, 2024 and 2023



Rea & associates

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Wayne County Community Foundation  
Wooster, Ohio

**Report on the Audit of the Financial Statements**

Opinion

We have audited the consolidated financial statements of Wayne County Community Foundation, a nonprofit organization (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wayne County Community Foundation, as of June 30, 2024 and 2023, and the changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), issued by the Comptroller General of the United States. 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Foundation's ability to continue as a going concern for the period of one year from the date of this report.

### Auditor's 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 GAAS 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 GAAS, 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 the 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 the 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.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Wooster, Ohio  
September 3, 2024

WAYNE COUNTY COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2024 AND 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 36,275	\$ 19,732
Investments	136,041,243	120,924,953
Contributions and pledges receivable, current portion		
Pledges receivable	181,745	124,975
Interest in charitable lead annuity trust	40,000	40,000
Prepaid expenses	24,048	28,877
Total current assets	<u>136,323,311</u>	<u>121,138,537</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, fixtures and equipment	50,401	50,401
Less: accumulated depreciation	48,509	46,675
Total property and equipment, net	<u>1,892</u>	<u>3,726</u>
<b>OTHER ASSETS:</b>		
Long-term contributions and pledges receivable, net of current portion:		
Pledges receivable	174,933	38,499
Interest in a charitable lead annuity trust	93,142	133,142
Insurance policies, cash surrender value	285,866	280,032
Total other assets	<u>553,941</u>	<u>451,673</u>
Total assets	<u><u>\$ 136,879,144</u></u>	<u><u>\$ 121,593,936</u></u>

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

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES:</b>		
Agency fund liability	\$ 17,824,094	\$ 15,068,558
Grants payable	30,000	6,250
Scholarships payable	975,198	887,720
Charitable gift annuity, current portion	12,057	7,607
	<hr/>	<hr/>
Total current liabilities	18,841,349	15,970,135
<b>LONG-TERM LIABILITIES:</b>		
Charitable gift annuity - net of current portion	67,147	51,027
	<hr/>	<hr/>
Total liabilities	18,908,496	16,021,162
<b>NET ASSETS:</b>		
Without donor restrictions	22,565,843	20,267,915
With donor restrictions	95,404,805	85,304,859
	<hr/>	<hr/>
Total net assets	117,970,648	105,572,774
	<hr/>	<hr/>
Total liabilities and net assets	\$ 136,879,144	\$ 121,593,936
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The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE AND SUPPORT:</b>			
Contributions and donations	\$ 2,291,837	\$ 4,454,184	\$ 6,746,021
Change in gift annuity	-	(30,705)	(30,705)
Administrative fee revenue	80,260	-	80,260
Other income	34,871	48,263	83,134
	<hr/>	<hr/>	<hr/>
Total contributions, investment income and other income	2,406,968	4,471,742	6,878,710
<b>Other changes in net assets:</b>			
Transfers of fund activity	29,395	(29,395)	-
Satisfaction of donor and program requirements in accordance with spending policy	3,596,498	(3,596,498)	-
Released for administrative fees	633,674	(633,674)	-
	<hr/>	<hr/>	<hr/>
Total other changes in net assets	4,259,567	(4,259,567)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	6,666,535	212,175	6,878,710
<b>EXPENSES:</b>			
Program services	6,500,999	-	6,500,999
Support activities:			
Management and general	261,907	-	261,907
Fundraising	132,794	-	132,794
	<hr/>	<hr/>	<hr/>
Total support activities	394,701	-	394,701
	<hr/>	<hr/>	<hr/>
Total expenses	6,895,700	-	6,895,700
	<hr/>	<hr/>	<hr/>
Net change before investment activity	(229,165)	212,175	(16,990)
<b>INVESTMENT ACTIVITY:</b>			
Investment gain	2,527,093	9,887,771	12,414,864
	<hr/>	<hr/>	<hr/>
Change in net assets	2,297,928	10,099,946	12,397,874
Net assets, beginning of year	20,267,915	85,304,859	105,572,774
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 22,565,843	\$ 95,404,805	\$ 117,970,648
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The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE AND SUPPORT:</b>			
Contributions and donations	\$ 2,069,848	\$ 2,042,377	\$ 4,112,225
Change in gift annuity	-	(4,768)	(4,768)
Administrative fee revenue	71,863	-	71,863
Other income	76,231	57,748	133,979
	<hr/>	<hr/>	<hr/>
Total contributions, investment income and other income	2,217,942	2,095,357	4,313,299
<b>Other changes in net assets:</b>			
Transfers of fund activity	(31,274)	31,274	-
Satisfaction of donor and program requirements in accordance with spending policy	2,277,672	(2,277,672)	-
Released for administrative fees	574,186	(574,186)	-
	<hr/>	<hr/>	<hr/>
Total other changes in net assets	2,820,584	(2,820,584)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	5,038,526	(725,227)	4,313,299
<b>EXPENSES:</b>			
Program services	4,949,386	-	4,949,386
Support activities:			
Management and general	268,762	-	268,762
Fundraising	136,460	-	136,460
	<hr/>	<hr/>	<hr/>
Total support activities	405,222	-	405,222
	<hr/>	<hr/>	<hr/>
Total expenses	5,354,608	-	5,354,608
	<hr/>	<hr/>	<hr/>
Net change before investment activity	(316,082)	(725,227)	(1,041,309)
<b>INVESTMENT ACTIVITY:</b>			
Investment gain	2,042,368	8,514,736	10,557,104
	<hr/>	<hr/>	<hr/>
Change in net assets	1,726,286	7,789,509	9,515,795
Net assets, beginning of year	18,541,629	77,515,350	96,056,979
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 20,267,915	\$ 85,304,859	\$ 105,572,774
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The accompanying notes are an integral part of these financial statements.



WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Personnel costs:				
Salaries	\$ 139,504	\$ 84,284	\$ 66,846	\$ 290,634
Employee benefits	14,986	9,448	8,145	32,579
Payroll taxes	7,794	4,213	9,058	21,065
Total personnel costs	162,284	97,945	84,049	344,278
Grants and scholarships	6,319,527	-	-	6,319,527
Accounting and auditing services	-	32,400	-	32,400
Advertising and promotion	-	7,830	20,135	27,965
Office expenses	4,347	23,316	11,855	39,518
Information technology	-	1,947	-	1,947
Occupancy	7,161	17,903	10,741	35,805
Travel	1,668	-	1,668	3,336
Conferences and meetings	316	298	6	620
Insurance	-	22,524	-	22,524
Dues and subscriptions	-	50,456	-	50,456
Development	1,827	5,254	4,340	11,421
Community support	2,869	-	-	2,869
Depreciation	-	1,834	-	1,834
State filing fee	-	200	-	200
Credit losses	1,000	-	-	1,000
	6,338,715	163,962	48,745	6,551,422
Total expenses	\$ 6,500,999	\$ 261,907	\$ 132,794	\$ 6,895,700

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	FUNDRAISING	
Personnel costs:				
Salaries	\$ 132,790	\$ 80,227	\$ 63,629	\$ 276,646
Employee benefits	15,279	9,632	8,304	33,215
Payroll taxes	7,386	3,992	8,583	19,961
Total personnel costs	155,455	93,851	80,516	329,822
Grants and scholarships	4,772,082	-	-	4,772,082
Accounting and auditing services	-	20,650	-	20,650
Advertising and promotion	-	7,913	20,349	28,262
Office expenses	6,237	33,455	17,011	56,703
Information technology	-	25,343	-	25,343
Occupancy	7,500	18,752	11,251	37,503
Travel	2,593	-	2,593	5,186
Conferences and meetings	568	535	11	1,114
Insurance	-	20,584	-	20,584
Dues and subscriptions	-	39,920	-	39,920
Development	1,991	5,725	4,729	12,445
Community support	2,960	-	-	2,960
Depreciation	-	1,834	-	1,834
State filing fee	-	200	-	200
	4,793,931	174,911	55,944	5,024,786
Total expenses	\$ 4,949,386	\$ 268,762	\$ 136,460	\$ 5,354,608

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 4,918,446	\$ 3,696,125
Cash paid to grantees and scholarships	(6,928,684)	(5,496,780)
Cash paid to vendors and employees	(668,642)	(730,478)
Cash used in operating activities	<u>(2,678,880)</u>	<u>(2,531,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	17,076,810	10,077,509
Purchase of investments	(16,815,939)	(8,518,400)
Cash from investing activities	<u>260,871</u>	<u>1,559,109</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Charitable gift annuity obligations received	16,121	(2,839)
Perpetual in nature donor restricted contributions	2,418,431	975,434
Cash from financing activities	<u>2,434,552</u>	<u>972,595</u>
Increase in cash and cash equivalents	16,543	571
Cash and cash equivalents, beginning of year	19,732	19,161
Cash and cash equivalents, end of year	<u>\$ 36,275</u>	<u>\$ 19,732</u>

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

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 12,397,874	\$ 9,515,795
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,834	1,834
Interest and dividend reinvested	(3,324,013)	(2,625,149)
Net realized (gain) loss on sale of investments	(536,753)	316,819
Net unrealized gain on investments	(10,523,019)	(9,872,879)
Investment loss on agency funds	1,882,397	1,546,321
Perpetual in nature donor restricted contributions	(2,418,431)	(975,434)
Change in cash surrender value of life insurance	(5,834)	(7,154)
Donated securities	(993,376)	(299,552)
Change in charitable gift annuity obligations value	4,450	-
Decrease (increase) in cash from changes in:		
Contributions and pledges receivable	(153,204)	343,509
Prepaid expenses	4,829	(28,877)
Agency fund liability	873,138	(491,946)
Grants payable	23,750	(21,250)
Scholarships payable	87,478	66,830
Total adjustments	<u>(15,076,754)</u>	<u>(12,046,928)</u>
Cash from operating activities	<u>\$ (2,678,880)</u>	<u>\$ (2,531,133)</u>

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

# WAYNE COUNTY COMMUNITY FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description of the Foundation

Wayne County Community Foundation (the “Foundation”) is a tax-exempt public organization established in December 1978, with income from funds contributed by individuals, families, businesses and non-profit agencies. The Foundation works to improve the quality of life in greater Wayne County, Ohio by making grants to local nonprofit organizations and providing scholarships to benefit local students. The Foundation responds to the changing needs of the community and builds on local strengths in the areas of arts-culture, civic interests, conservation-environment, education, health, wellness, and human services.

#### Basis of Consolidation

The consolidated financial statements of the Foundation include the activity of Wayne County Community Foundation and WCCF Holdings, LLC. WCCF Holdings, LLC was formed as a single member nonprofit limited liability company to increase the Foundation’s capacity to evaluate, accept and manage gifts of real property. All accounts and transactions between the Organizations have been eliminated in the consolidated financial statements (the “financial statements”).

#### Fund Accounting

In order to maintain proper accounting for donor or board specified purposes, the Foundation maintains separate funds. The funds are then classified as held for others (liability) or without donor restrictions, with time or purpose donor restrictions or perpetual in nature restricted net assets. Contributions and grant distributions are recorded into the appropriate funds based on donor suggestions or board policies, as applicable. Investment activity and administrative fees are allocated to individual funds.

#### Classification of Net Assets

Net assets, contributions, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in continuing activities, grants, and operations of the Foundation at the discretion of the Foundation’s governing body. Designations by the Board of Trustees (“Board”), while separately stated, are considered without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or purpose specified by the donor. Grants and contributions received with donor-imposed restrictions are recorded as without donor restrictions if the restrictions are expected to be met within the same period. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation may expend part, or all of the income or other economic benefit derived from the donated asset. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## WAYNE COUNTY COMMUNITY FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2024, the net assets of the Foundation are comprised of a collection of 580 separate funds that were generously donated to benefit the various, charitable, and educational needs of the community. These funds have been pooled together and invested in a diverse set of assets, managed by professional investment administrators. The funds include both with donor restrictions and without donor restrictions funds to be used by the Board to function as permanent and unrestricted endowments. Of the 580 total funds, 29% are permanently restricted, 31% temporarily restricted, 25% unrestricted and 15% Agency funds.

#### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. However, cash maintained in professionally managed investment accounts is considered an investment rather than a cash equivalent. At times during the year, the Foundation maintained funds on deposit at its banks in excess of FDIC insurance limits.

#### Investments

Investments in equity and debt securities are recorded at fair value with any realized or unrealized gains and losses reported in the consolidated statement of activities and changes in net assets. Investment income is recognized as revenue in the period it is earned, and gains and losses are recognized as changes in net assets in the accounting period in which they occur. Donated Securities received are recorded at market value at the date of the donation and are immediately sold.

Most holdings are collectively invested in one portfolio, referred to as the “pooled investment account.” Certain funds hold investments in separate accounts. The overall portfolio is directed by the Foundation’s Board of Trustee’s investment committee in consultations with a professional investment advisor, Clearstead Advisors, LLC. More than a dozen professional investment managers are utilized to diversify the portfolio. Fidelity Investments acts as custodian of 99% of the portfolio.

The income, gains, and losses from the pooled investment account are allocated monthly to the individual funds based on each fund’s proportional fair market value.

#### Investments, Fair Value Measurements

As defined in FASB ASC 820, “Fair Value Measurements”, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

## WAYNE COUNTY COMMUNITY FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

#### Investment Policy

To satisfy its long-term rate of return 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 preferred diversified asset allocation. The target investment allocation was 65% Domestic and International Equities, 25% Fixed Income and Cash, and 10% Alternative. The Foundation has set performance objective and risk guidelines they use to measure the performance of its portfolio.

#### Spending Policy

Unless otherwise indicated in the fund agreement or instrument, the Foundation will generally distribute a percentage of the value of each fund annually. The percentage is evaluated annually by the Foundation and can be revised from time to time, taking into account both preservation of principal, as well as investment, custodial, and administrative costs. Currently, the spending policy, applied to perpetual in nature restricted funds, is calculated based on 4.5% of the average market value of the prior twelve quarter fund balances as of June 30, the Foundation's fiscal year-end. Payments in excess of annual spending policy are only allowable with special approval of the Board.

#### Insurance Policies

The Foundation is the beneficiary of several life insurance policies received from donors. The policies are stated at the cash surrender value net of any surrender charges. The value of these policies in the Consolidated Statements of Financial Position amount to \$285,866 and \$280,032 for the years ended June 30, 2024 and 2023, respectively.

## WAYNE COUNTY COMMUNITY FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### Property and Equipment

Property and equipment purchased by the Foundation are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and capital expenditures of less than \$5,000 are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$1,834 and \$1,834 for the years ended June 30, 2024 and 2023, respectively.

#### Revenue Recognition

The Foundation follows the guidance in FASB ASC 958-605 for recognizing contribution gifts and bequests.

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

When a restriction expires through accomplishment of purpose or passage of time, the with donor restrictions net assets are reclassified to without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Although with donor restricted contributions are typically reported as support that increases with donor restricted net assets, they may be reported as without donor restriction support if the restrictions are met in the same reporting period.

#### Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and operates as a public charity.

WCCF Holdings, LLC is a single member nonprofit limited liability company solely owned by Wayne County Community Foundation.

The Foundation is required to operate in conformity with the Code to maintain its tax-exempt status.

#### Accounting for Uncertainty in Income Taxes

Accounting principles generally accepted in the United States of America (U.S. GAAP) require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken certain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Foundation recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Foundation determined that there are no material uncertain tax positions.



# WAYNE COUNTY COMMUNITY FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Vacation, Personal Annual Leave Policy

Vacation and personal leave compensation are expensed when paid. Accrual of these benefits as earned would not have a material effect on the financial statements.

### Advertising and Promotion

The Foundation participates in various advertising and marketing programs. All costs related to marketing and advertising the Foundation's services are expensed in the period incurred. Advertising costs charged to operations was \$27,965 and \$28,262 for the years ended June 30, 2024 and 2023, respectively.

### Functional Expense Allocations

The costs of program services and supporting activities have been summarized on a functional basis in the Statements of Functional Expenses. These statements present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees, and other estimates prepared by management.

### In-Kind Donated Services

The Foundation received donated services (general assistance and fundraising events) which do not meet the criteria for recognition under FASB ASC 958-605 or cannot be objectively measured. These donations, while not recognized in the financial statements, provide valuable resources to the Foundation.

### Leases

The Foundation determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Foundation establishes a right-of-use (ROU) asset and a lease liability. Operating leases, if any, are included in ROU assets – operating leases, current portion of lease liabilities – operating leases, and lease liabilities – operating leases on the accompanying balance sheets. Finance leases, if any, are included in property and equipment, current portion of lease liabilities – finance leases and lease liabilities – finance leases.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Foundation is reasonably certain to exercise as well as any period that the Foundation has control over the asset before the stated initial term of the agreement. If the Foundation determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

## WAYNE COUNTY COMMUNITY FOUNDATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Foundation does not separate non-lease components from lease components for the vehicle ROU asset class. This election has been made to significantly reduce the administrative burden, which would be imposed on the Foundation.

The Foundation uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

The Foundation does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

#### Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. The guidance is effective for the Foundation beginning July 1, 2023, with earlier adoption permitted.

The Foundation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

#### Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through September 3, 2024, which is the date the financial statements were available to be issued.

#### NOTE 2: LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated time and purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund competitive grants to the community, scholarships for individuals, and operating expenses.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that the Foundation will be able to support mission fulfillment, ensuring the sustainability of the Foundation.

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The table below presents the financial assets at June 30 available for general expenditures within one year:

	2024	2023
Financial assets at year-end		
Cash and cash equivalents	\$ 36,275	\$ 19,732
Investments	136,041,243	120,924,953
Contributions and pledges receivable, current portion	221,745	164,975
Insurance policies, cash surrender value	285,866	280,032
Total financial assets	<u>136,585,129</u>	<u>121,389,692</u>
Less: Financial assets not available to be used within one year		
Endowment funds - donor restricted perpetual in nature	58,324,671	55,852,976
Donor restricted for time or purpose	37,080,134	29,451,883
Agency fund liability	17,824,094	15,068,558
Charitable gift annuity	<u>79,204</u>	<u>58,634</u>
Financial assets not available to be used within one year	<u>113,308,103</u>	<u>100,432,051</u>
Financial assets available to meet general expenditures within one year	<u>\$ 23,277,026</u>	<u>\$ 20,957,641</u>

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Money Market Accounts

These cash funds are valued at principle plus interest at a variable rate.

Equities

Equities are considered available-for-sale and are recorded at fair value. These securities are valued at quoted market prices in active markets for identical assets.

Fixed Income

Fixed Income are considered available-for-sale and are recorded at fair value. These securities are valued at quoted market prices in active markets for identical assets.

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Alternatives (Mutual Funds)

Mutual funds are based on quoted market prices.

The following table presents the financial instruments carried at fair value, on a recurring basis, as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investment Type:				
Cash	\$ 4,195,737	\$ -	\$ -	\$ 4,195,737
Equities:				
Large cap	49,096,664	-	-	49,096,664
Mid cap	7,038,968	-	-	7,038,968
Small cap	5,995,257	-	-	5,995,257
International equities	25,676,493	-	-	25,676,493
Subtotal equities:	87,807,382	-	-	87,807,382
Fixed income	30,741,329	-	-	30,741,329
Alternative:				
Mutual funds	13,296,795	-	-	13,296,795
Total investments at fair value	\$136,041,243	\$ -	\$ -	\$136,041,243

The following table presents the financial instruments carried at fair value, on a recurring basis, as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment Type:				
Cash	\$ 4,083,292	\$ -	\$ -	\$ 4,083,292
Equities:				
Large cap	43,406,989	-	-	43,406,989
Mid cap	6,238,121	-	-	6,238,121
Small cap	5,297,434	-	-	5,297,434
International equities	23,342,654	-	-	23,342,654
Subtotal equities:	78,285,198	-	-	78,285,198
Fixed income	27,050,203	-	-	27,050,203
Alternative:				
Mutual funds	11,506,260	-	-	11,506,260
Total investments at fair value	\$120,924,953	\$ -	\$ -	\$120,924,953

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2024	2023
Net investment income (loss) consists of the following:		
Interest and dividends	\$ 3,324,013	\$ 2,625,149
Net realized gains (losses)	536,753	(316,819)
Net unrealized gains (losses)	10,523,019	9,872,879
Less: investment fees	(86,523)	(77,784)
Total investment income (loss)	14,297,262	12,103,425
Less: allocated to agency fund liability	(1,882,398)	(1,546,321)
Total net investment income (loss)	<u>\$ 12,414,864</u>	<u>\$ 10,557,104</u>

NOTE 4: CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at June 30 consist of the following:

	2024	2023
Pledges receivable	\$ 356,678	\$ 163,474
Interest in charitable lead annuity trust	133,142	173,142
	<u>\$ 489,820</u>	<u>\$ 336,616</u>

Contributions and pledges receivable represent promises to give which have been made by donors to designated funds. Several receivables have been promised in installments over several years. Contributions also included a commitment from a donor through the interest in a charitable lead annuity trust. All receivables are considered collectible by the Foundation and, accordingly, no allowance for uncollectible balances has been established.

The value of all material receivables and interest in a charitable lead annuity trust with payments exceeding one year, have been discounted to net present value at rates of 2.0% and 3.5%, respectively.

Amounts presented in the Consolidated Statements of Financial Position at June 30 are as follows:

	2024	2023
Current portion	\$ 221,745	\$ 164,975
Long-term portion	268,075	171,641
	<u>\$ 489,820</u>	<u>\$ 336,616</u>

Payments at June 30 are due in:

One year	\$ 221,745
Two years	164,933
Three years	90,000
Four years	32,376
Less: Net Present Value Discount	<u>(19,234)</u>
Total	<u>\$ 489,820</u>

# WAYNE COUNTY COMMUNITY FOUNDATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5: ENDOWMENT

The Foundation's endowments consist of numerous funds, established for a variety of purposes, which have been pooled together for investment purposes. The endowments include both donor-restricted and Board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift as the donor-restricted endowment absent explicit donor restrictions to the contrary.

As a result of this interpretation, the Foundation classifies as perpetual in nature restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in perpetual in nature restricted net assets is classified as with time or purpose donor-restricted net assets until those amounts are appropriated for expenditures by the Foundation. In addition, certain funds are restricted by the donor for specific purposes and are classified as temporarily restricted until expended for the specified purpose. These funds are currently considered as part of the endowment due to the long-term nature of the donor specific purpose.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Endowment net assets composition by type of fund for June 30, 2024 is as follows:

	Without	With Donor Restrictions		Total
	Donor Restrictions	Time or Purpose	Perpetual in Nature	
Donor restricted endowment:				
Original donor-restricted gifts	\$ -	\$ -	\$ 58,324,671	\$ 58,324,671
Accumulated investment gains	-	12,414,864	-	12,414,864
Donor restricted time or purpose	-	24,665,270	-	24,665,270
Board designated endowment funds	22,565,843	-	-	22,565,843
Total funds	<u>\$ 22,565,843</u>	<u>\$ 37,080,134</u>	<u>\$ 58,324,671</u>	<u>\$ 117,970,648</u>
	Without	With Donor Restrictions		Total
	Donor Restrictions	Time or Purpose	Perpetual in Nature	
Endowment net assets				
- beginning of year	\$ 20,267,915	\$ 29,451,883	\$ 55,852,976	\$ 105,572,774
Investment return:				
Net appreciation	2,527,093	2,099,861	7,787,910	12,414,864
Contributions and other income	2,406,967	2,053,312	2,418,431	6,878,710
Transfers of fund activity	29,395	7,705,251	(7,734,646)	-
Satisfaction of donor and program requirements in accordance with spending policy	4,230,173	(4,230,173)	-	-
Disbursements	(6,895,700)	-	-	(6,895,700)
Net change	2,297,928	7,628,251	2,471,695	12,397,874
Endowment net assets				
- end of year	<u>\$ 22,565,843</u>	<u>\$ 37,080,134</u>	<u>\$ 58,324,671</u>	<u>\$ 117,970,648</u>

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Endowment net assets composition by type of fund for June 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	Total
Donor restricted endowment:				
Original donor-restricted gifts	\$ -	\$ -	\$ 55,852,976	\$ 55,852,976
Accumulated investment gains	-	10,322,186	-	10,322,186
Donor restricted time or purpose	-	19,129,697	-	19,129,697
Board designated endowment funds	20,267,915	-	-	20,267,915
Total funds	\$ 20,267,915	\$ 29,451,883	\$ 55,852,976	\$ 105,572,774

	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	Total
Endowment net assets				
- beginning of year	\$ 18,541,629	\$ 22,643,802	\$ 54,871,548	\$ 96,056,979
Investment return:				
Net depreciation	2,042,368	1,834,732	6,680,004	10,557,104
Contributions and other income	2,217,942	1,119,923	975,434	4,313,299
Transfers of fund activity	(31,274)	6,705,284	(6,674,010)	-
Satisfaction of donor and program requirements in accordance with spending policy	2,851,858	(2,851,858)	-	-
Disbursements	(5,354,608)	-	-	(5,354,608)
Net change	1,726,286	6,808,081	981,428	9,515,795
Endowment net assets				
- end of year	\$ 20,267,915	\$ 29,451,883	\$ 55,852,976	\$ 105,572,774

*Funds with Deficiencies* – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

As of June 30, 2024 and 2023, respectively, three and sixteen funds with deficiency were reported in net assets with donor restrictions as follows:

	2024	2023
Fair value of underwater endowment funds	\$ 55,781	\$ 1,084,882
Less: original endowment gift amount	(118,104)	(1,224,621)
Deficiencies of underwater endowment funds	\$ (62,323)	\$ (139,739)



WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors at June 30 as follows:

	2024	2023
Grants and scholarships	\$ 3,596,498	\$ 2,277,672
Administrative fees	633,674	574,186
	<u>\$ 4,230,172</u>	<u>\$ 2,851,858</u>

The Foundation charges an administrative fee to all funds, except the Acorn Funds. These fees are reflected as assets released from restriction in the consolidated statement of activities and changes in net assets. The following annual fee schedule was effective March 1, 2009:

Agency endowments	0.50%
Designated funds:	
Minimum charge of \$250 annually	1.00%
During a campaign (under \$1,000,000)	0.75%
During a campaign (over \$1,000,000)	0.50%
Maintenance fund only	
Donor advised funds:	
Under \$100,00	1.00%
\$100,00 - \$500,000	0.75%
Over \$500,000	0.50%
Scholarship, Unrestricted and Field of Interest funds:	
Minimum charge of \$250 annually	
Under \$1,000,000	1.00%
Over \$1,000,000	0.75%
Gift annuity funds	1.00%

Designated funds are divided into active and maintenance modes depending on whether the fund is in the midst of an active fundraising campaign or in a post campaign maintenance mode.

Total fees charged under this schedule amounted to \$788,496 and \$710,804 for the years ended June 30, 2024 and 2023, respectively. A portion of these fees are reported as management and general expenses on the consolidated statement of activities and changes in net assets with the remainder of fees being reported as a reduction in the agency fund liability in the consolidated statement of financial position.

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Donor restricted net assets consist of contributions designated but not yet used for certain purposes at June 30 as follows:

	2024	2023
Donor restrictions for time or purpose:		
Grants and scholarships	\$ 37,142,457	\$ 29,591,622
Underwater funds	(62,323)	(139,739)
	37,080,134	29,451,883
Donor restrictions perpetual in nature:		
Grants and scholarships	58,324,671	55,852,976
	\$ 95,404,805	\$ 85,304,859

NOTE 7: LEASES

The Foundation leases its office space through a relationship established in 2005. Rent is paid on a monthly basis at \$2,500 per month, with the current agreement ending on July 31, 2026. The landlord is responsible for real estate taxes, building fire insurance and repairs to the property. The Foundation is responsible for partial maintenance, utilities and liability insurance on the property. Lease expense related to this lease was \$30,000 for both of the years ended June 30, 2024 and 2023, respectively.

Minimum lease payments due on June 30 under the operating lease obligations are due as follows:

2025	\$ 30,000
2026	2,500
Total	\$ 32,500

NOTE 8: CHARITABLE GIFT ANNUITIES

The Foundation is obligated under five annuity contracts, whereby the Foundation is the owner of the assets subject to a promise to pay the respective annuity amount to individuals. The terms of the annuities are as follows:

	Date Established	Term	Payment Frequency	Payment Amount	Discount Factor	Interest Rate
Annuity 1	2004	Life	Quarterly	\$ 381.18	4.8%	4.2%
Annuity 2	2006	Life	Semi-Annual	\$ 716.15	3.9%	5.6%
Annuity 3	2018	Life	Quarterly	\$ 762.50	8.9%	3.4%
Annuity 4	2019	Life	Quarterly	\$ 800.00	9.8%	2.0%
Annuity 5	2023	Life	Quarterly	\$ 1,112.50	5.2%	5.8%

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The change in value of the gift annuity agreements in the consolidated statements of activities and changes in net assets relates to the amortization of the discount on the annuities. The estimated amount due to the individuals specified in those agreements (net of discount) were \$79,204 and \$58,634 for the years ended June 30, 2024 and 2023, respectively.

The following table presents a reconciliation of the gift annuity obligation fair value measurements using significant unobservable inputs (Level 3) at June 30:

	2024	2023
Beginning balance	\$ 60,556	\$ 61,473
Net unrealized gain	30,705	4,768
Payments	(12,057)	(7,607)
Ending balance	<u>\$ 79,204</u>	<u>\$ 58,634</u>

Amounts presented in the consolidated statements of financial position are as follows:

	2024	2023
Current	\$ 12,057	\$ 7,607
Long-term	67,147	51,027
	<u>\$ 79,204</u>	<u>\$ 58,634</u>

NOTE 9: CONDITIONAL PROMISES TO GIVE

The Foundation awards annual scholarships, some of which are renewable and conditional upon the recipient staying in school or maintaining a specific grade point average. Conditional promises to give are recognized when the conditions of the promise have been substantially met. Conditional promises that are substantially met are recorded in the consolidated statements of financial position and amounted to \$975,198 and \$887,720 for the years ended June 30, 2024 and 2023, respectively.

NOTE 10: AGENCY FUND LIABILITY

Agency funds represent amounts held by the Foundation on behalf of other tax-exempt charitable organizations. The following is a reconciliation of the activity during June 30:

	2024	2023
Beginning agency fund	\$ 15,068,558	\$ 14,014,183
Contributions	1,685,398	361,206
Investment income (loss)	1,882,398	1,546,321
Foundation administrative fees	(80,260)	(71,863)
Investment fees	(11,615)	(11,010)
Distributions	(720,385)	(770,279)
Ending agency funds	<u>\$ 17,824,094</u>	<u>\$ 15,068,558</u>

WAYNE COUNTY COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLAN

The Foundation has a 403(b) Deferred Compensation Plan and SEP Plan. The Foundation contributes to an amount equal to 5% of each full-time employee's compensation to the SEP plan. Contributions to the SEP plan amounted to \$12,892 and \$12,435 for the years ended June 30, 2024 and 2023, respectively.