

TUCKER COMMUNITY FOUNDATION

INDEPENDENT AUDITOR'S REPORT
AND RELATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

TUCKER COMMUNITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 17



707 Virginia Street E. • Suite 400 • Charleston, WV 25301 • Phone: 304.345.9400 • Fax: 304.345.7258
www.ggmcpa.net • Email: ggm@ggmcpa.net

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Tucker Community Foundation
Parsons, West Virginia

We have audited the financial statements of Tucker Community Foundation (a nonprofit Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tucker Community Foundation (the Foundation) as of December 31, 2021 and 2020, and the changes in its 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). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 one year after the date that the financial statements are issued.

Auditor's Responsibility

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.

Gray, Griffith & Mays, a.c.

November 8, 2022
Charleston, West Virginia

TUCKER COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Cash	\$ 236,089	\$ 263,693
Investments	29,765,443	26,463,560
Other current assets	2,898	2,147
	\$ 30,004,430	\$ 26,729,400
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 19,566
Current portion - long-term debt	71,690	72,793
	71,690	92,359
Total current liabilities	71,690	92,359
Long-term debt	477,748	706,431
	549,438	798,790
Total liabilities	549,438	798,790
Net assets:		
Without donor restrictions		
Board designated	295,241	246,361
Unrestricted	(310,451)	(532,950)
	(15,210)	(286,589)
Without donor restrictions	(15,210)	(286,589)
With donor restrictions	29,470,202	26,217,199
	29,454,992	25,930,610
Total net assets	29,454,992	25,930,610
Total liabilities and net assets	\$ 30,004,430	\$ 26,729,400

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Contributions	\$ 21,200	\$ 755,773	\$ 776,973
Investment revenue	-	5,279,463	5,279,463
Other revenue	1,509	-	1,509
Total revenue	22,709	6,035,236	6,057,945
Net assets released from restrictions:	2,782,233	(2,782,233)	-
Total revenue and support	2,804,942	3,253,003	6,057,945
Expenses:			
Program	2,353,179	-	2,353,179
Management and general	180,384	-	180,384
Total expenses	2,533,563	-	2,533,563
Changes in net assets	271,379	3,253,003	3,524,382
Net assets, beginning of year	(286,589)	26,217,199	25,930,610
Net assets, end of year	\$ (15,210)	\$ 29,470,202	\$ 29,454,992

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Contributions	\$ 23,553	\$ 387,939	\$ 411,492
Grants	-	4,797	4,797
Investment revenue	-	1,809,130	1,809,130
Other revenue	99,017	-	99,017
Total revenue	122,570	2,201,866	2,324,436
Net assets released from restrictions:	2,279,036	(2,279,036)	-
Total revenue and support	2,401,606	(77,170)	2,324,436
Expenses:			
Program	1,944,377	-	1,944,377
Management and general	332,058	-	332,058
Fundraising	2,693	-	2,693
Total expenses	2,279,128	-	2,279,128
Changes in net assets	122,478	(77,170)	45,308
Net assets, beginning of year	(409,067)	26,294,369	25,885,302
Net assets, end of year	\$ (286,589)	\$ 26,217,199	\$ 25,930,610

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program	Management & General	Fundraising	Total
Payroll expenses	\$ -	\$ 111,267	\$ -	\$ 111,267
Grants, scholarships and donations	2,353,179	-	-	2,353,179
Supplies	-	1,527	-	1,527
Utilities	-	2,539	-	2,539
Rental and maintenance of equipment	-	3,711	-	3,711
Printing and publication	-	665	-	665
Postage	-	660	-	660
Travel	-	967	-	967
Professional fees	-	26,284	-	26,284
Advertising	-	1,744	-	1,744
Insurance	-	2,988	-	2,988
Interest	-	22,919	-	22,919
Other expenses	-	5,113	-	5,113
	-	5,113	-	5,113
Total Expenses	\$ 2,353,179	\$ 180,384	\$ -	\$ 2,533,563

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program	Management & General	Fundraising	Total
Payroll expenses	\$ -	\$ 152,805	\$ -	\$ 152,805
Grants, scholarships and donations	1,944,377	-	-	1,944,377
Supplies	-	1,894	-	1,894
Utilities	-	2,497	-	2,497
Rental and maintenance of equipment	-	5,613	-	5,613
Printing and publication	-	2,051	-	2,051
Postage	-	862	-	862
Travel	-	334	-	334
Professional fees	-	150,853	2,681	153,534
Fundraising	-	-	12	12
Advertising	-	2,112	-	2,112
Insurance	-	3,788	-	3,788
Other expenses	-	9,249	-	9,249
	-	9,249	-	9,249
Total Expenses	\$ 1,944,377	\$ 332,058	\$ 2,693	\$ 2,279,128

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 3,524,382	\$ 45,308
Adjustments to reconcile net assets to net cash used in operating activities:		
Net unrealized (loss) gain on investments	(392,284)	(375,444)
Net realized (loss) gain on investments	(3,528,300)	(189,912)
(Increase) decrease in assets:		
Other assets	(2,898)	(2,147)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,990)	(5,707)
	<u>(401,090)</u>	<u>(527,902)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(14,717,726)	(13,419,901)
Proceeds from sale of investments	15,317,397	13,311,187
	<u>599,671</u>	<u>(108,714)</u>
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	-	800,000
Repayment of long-term borrowing	(229,786)	(180,776)
	<u>(229,786)</u>	<u>619,224</u>
Net cash used in financing activities		
NET INCREASE IN CASH	(31,205)	(17,392)
Cash balance, beginning of year	<u>267,294</u>	<u>281,085</u>
Cash balance, end of year	<u>\$ 236,089</u>	<u>\$ 263,693</u>

The accompanying notes are an integral part of this statement.

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Tucker Community Foundation was created as a nonprofit public foundation under the laws of the State of West Virginia, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to receive and accept contributions to be administered exclusively for charitable purposes, primarily for the benefit of the communities in and around Tucker County West Virginia.

Basis of Presentation and Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized as earned and expenses are recognized as incurred.

Net Assets

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

Without donor restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions subject to self-imposed limits by action of the governing board are classified as board designated net assets. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

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 other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect financial statement amounts and disclosures. Significant estimates include functional expense allocation and depreciation expense. Program, general, and fundraising expenses have been allocated based on management's best estimates. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all unrestricted cash accounts not subject to withdrawal restriction and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Foundation carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Foundation's investment portfolio is administered under a revocable trust agreement by Citizens National Bank, Elkins, West Virginia.

Contributions

Contributions received are recorded as without donor restriction or with donor restriction support, depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as with donor restriction support and reclassified to without donor restriction net assets upon the expiration of time or purpose restrictions.

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation, which is not classified as a private foundation, is recognized by the Internal Revenue Service as exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar sections of state statutes. The Foundation's Federal Foundation Exempt from Income Tax Returns (Form 990) are subject to examination by the IRS, generally for three years after they are filed.

Functional Allocation of Expenses

The costs of providing the various services and programs have been summarized on a functional basis in the combined statement of functional expense. Accordingly, certain costs have been directly allocated among the programs and supporting services benefited.

Advertising

The Foundation expenses advertising costs the first time the advertising takes place. Advertising expense was approximately \$1,700 and \$2,100 for the years ended December 31, 2021 and 2020, respectively.

2 – DONOR RESTRICTED NET ASSETS

	<u>2020</u>	<u>2021 Released</u>	<u>2021 Received</u>	<u>2021</u>
Use Restricted	<u>\$26,217,199</u>	<u>\$ (2,782,233)</u>	<u>\$ 6,035,236</u>	<u>\$29,470,202</u>

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

2 – DONOR RESTRICTED NET ASSETS (Continued)

	<u>Market Value</u>
With Donor Restriction	
<u>William M. Harman Memorial Fund</u>	
Proceeds from the Harman Fund are used for various projects to benefit the citizen's of Parsons.	\$ 22,164,275
<u>Grant Funds</u>	
Proceeds from Grant funds are used to fulfill grants for use throughout Tucker Community Foundation's service area.	2,682,889
<u>Scholarship Funds</u>	
Proceeds from Tucker Community Foundation's Scholarship funds are used to provide scholarships to students from Tucker County and surrounding areas.	1,782,489
<u>Cemetery Funds</u>	
Proceeds from the Cemetery funds are used for maintenance and upkeep of various cemeteries throught Tucker Community Foundation's service area.	503,173
<u>Other Funds</u>	
Proceeds from these funds pay to a designated organization through drawdown requests to Tucker Community Foundation.	<u>2,337,376</u>
Total Net Assets with Donor Restriction	<u>29,470,202</u>
 Without Donor Restriction	
<u>Board Designated Funds</u>	
Funds designated for several purposes by the Tucker Community Foundation Board of Directors.	295,241
<u>Unrestricted Net Assets</u>	
Tucker Community Foundation has amassed a negative unrestricted net asset balance due to overspending.	<u>(310,451)</u>
Total Net Assets without Donor Restriction	<u>(15,210)</u>
 Total Net Assets	 <u>\$ 29,454,992</u>

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

3 – FAIR VALUE MEASUREMENTS

FASB codification 820-10-50 "Fair Value Measurements" was issued in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. Codification 820-10-50 also expands disclosures about fair value measurements and applies whenever other authoritative literature requires certain assets and liabilities to be measured at fair value but does not expand the use of fair value.

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets.

Level 3. Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

When available, the Foundation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. In the current year, all of the Foundation's assets were classified as level 1.

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

4 – INVESTMENTS

Investments on December 31, 2021 and 2020, were comprised of the following:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices for Identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Fixed Income Securities	\$ 6,905,878	\$ 6,905,878	\$ -	\$ -
Equities- Common				
Stock	19,555,193	19,555,193	-	-
	26,461,071	\$ 26,461,071	\$ -	\$ -
Cash equivalents	3,304,372			
Total investments	\$ 29,765,443			
December 31, 2020				
Fixed Income Securities	\$ 1,910,854	\$ 1,910,854	\$ -	\$ -
Equities- Common				
Stock	18,014,388	18,014,388	-	-
	19,925,242	\$ 19,925,242	\$ -	\$ -
Cash equivalents	6,538,318			
Total investments	\$ 26,463,560			

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

4 – INVESTMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors for fund assets that attempt to provide a predictable stream of funding to programs supported by its funds while also maintaining the purchasing power of those fund assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Fund assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its fund's fair value at year-end given the funds three-year average rate of return is 5% or greater. In the event the average rate of return falls under 5%, the Board of Directors will evaluate the fund balances and designate an appropriate amount for distribution. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its funds to grow at a nominal average rate, which is consistent with the Foundation's objective to maintain the purchasing power of the assets as well as to provide additional real growth through investment return.

5 – LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2021:

Citizens Bank of West Virginia

3% Installment note maturing 10/05/30, quarterly payments of \$23,176.23 secured by interest in and to the Alice Degler Smith Foundation Trust income	\$ 549,438
Less: current portion	<u>71,690</u>
Non-current portion	<u><u>\$ 477,748</u></u>

TUCKER COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

5 – LONG-TERM DEBT (Continued)

Scheduled maturities at December 31, 2021, are as follows:

2022	\$ 73,865
2023	76,106
2024	78,415
2025	80,794
2026	83,246
Thereafter	<u>157,012</u>
	<u>\$ 549,438</u>

6 – RETIREMENT

The Foundation has a simple IRA plan in which the company matches up to 3% of wages. The Foundation's contribution for the years ended December 31, 2021 and 2020, was \$3,785 and \$2,601, respectively.

7 – CARES ACT FUNDING AND RESPONSE TO COVID-19

During the year ended December 31, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of the Coronavirus, a global pandemic. The coronavirus is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Given the uncertainty regarding the spread of the coronavirus, the related financial impact on the Foundation's results of operations, financial position, and liquidity cannot be reasonably estimated at this time and have not been reflected in the financial statements. In response to economic uncertainty associated with the COVID-19 pandemic, the Foundation has applied for and received the benefit of temporary programs designed to provide economic relief to small businesses including provisions of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was signed into law on March 27, 2020.

Paycheck Protection Program

In April 2020, the Foundation executed closing documents on a forgivable loan under the Paycheck Protection Program (PPP), a program designed to assist certain employers with payroll and other expenses. Under this program, unsecured loans are available that are forgivable for amounts related to certain payroll, mortgage, rent, utilities, employee benefits and state and local employer tax expenses for a period of twenty-four (24) weeks after the loan was received. Forgiveness provisions are also based on how employers utilize the funds for these designated expenses and maintaining or quickly rehiring employees and wage and salary levels. Forgiveness will be reduced if full-time headcount

TUCKER COMMUNITY FOUNDATION**NOTES TO FINANCIAL STATEMENTS**
(Continued)

December 31, 2021 and 2020

7 – CARES ACT FUNDING AND RESPONSE TO COVID-19 (Continued)Paycheck Protection Program (Continued)

declines, or if salaries and wages decrease. If not forgiven, the PPP loan has a maturity of 2 years, an interest rate of 1% and loan payments are deferred for the first six months of the loan term. The Foundation successfully applied for the loan through an SBA approved lender totaling \$27,000 and the advance from the lender was received in April 2020.

In November 2020, the Foundation was notified by the lender that the application for forgiveness was approved by the lender and the SBA. Accordingly, the Foundation recognized \$27,000 in grant revenue related to the PPP at December 31, 2020.

8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the auditor's report date, the date which the financial statements were available to be issued.