

**THE COMMUNITY FOUNDATION
OF WESTERN NORTH CAROLINA, INC.**

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

The Community Foundation of Western North Carolina, Inc.
Asheville, North Carolina

Board of Directors

June 30, 2023

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Joanne Badr Morgan, Vice-Chairperson
Himanshu Karvir, Treasurer
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THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Community Foundation of Western North Carolina, Inc.
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of The Community Foundation of Western North Carolina, Inc. ("a not-for-profit foundation") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Community Foundation of Western North Carolina, Inc. as of June 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the ***Auditors' Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of The Community Foundation of Western North Carolina, Inc. 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; this includes 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 Community Foundation of Western North Carolina, Inc.'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 auditors' 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 The Community Foundation of Western North Carolina, Inc.'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 Community Foundation of Western North Carolina, Inc.'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.

DMIPS PLLC

Certified Public Accountants
Asheville, North Carolina

November 16, 2023

**THE COMMUNITY FOUNDATION OF
WESTERN NORTH CAROLINA, INC.**

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
Assets		
Cash and cash equivalents	\$ 17,941,319	\$ 24,008,435
Accounts receivable	130,180	127,495
Prepaid expenses	60,266	26,252
Note receivable	3,000,000	-
Investments without donor restrictions	86,365,782	82,623,135
Property and equipment, net	1,960,714	2,039,120
Investments with donor restrictions	298,364,807	278,231,783
Total Assets	\$ 407,823,068	\$ 387,056,220

LIABILITIES AND NET ASSETS

Liabilities		
Grants and scholarships payable	\$ 538,431	\$ 514,566
Accounts payable and accrued liabilities	64,356	38,836
Liabilities under split-interest agreements	3,628,521	4,582,186
Funds held as agency endowments	98,853,434	98,263,590
Total Liabilities	103,084,742	103,399,178
Net Assets		
Without donor restrictions	6,373,519	5,425,259
With donor restrictions	298,364,807	278,231,783
Total Net Assets	304,738,326	283,657,042
Total Liabilities and Net Assets	\$ 407,823,068	\$ 387,056,220

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 5,377	\$ 22,793,068	\$ 22,798,445
Investment income	924,259	2,962,414	3,886,673
Realized and unrealized gains – net	939,389	16,805,677	17,745,066
Change in value of split-interest agreements	-	586,401	586,401
Management fee income	620,933	-	620,933
Grant income	58,000	-	58,000
Other income	112,242	-	112,242
Total Revenues and Gains	2,660,200	43,147,560	45,807,760
Net assets released from restriction	23,014,536	(23,014,536)	-
Total Revenues, Gains, and Other Support	25,674,736	20,133,024	45,807,760
Expenses:			
Program services	22,678,758	-	22,678,758
Supporting services	2,047,718	-	2,047,718
Total Expenses	24,726,476	-	24,726,476
Change in Net Assets	948,260	20,133,024	21,081,284
Net Assets, beginning of year	5,425,259	278,231,783	283,657,042
Net Assets, end of year	\$ 6,373,519	\$ 298,364,807	\$ 304,738,326

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

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	\$ 785	\$ 30,676,406	\$ 30,677,191
Investment income	362,851	2,461,723	2,824,574
Realized and unrealized losses – net	(3,147,710)	(36,662,627)	(39,810,337)
Change in value of split-interest agreements	-	(1,008,457)	(1,008,457)
Management fee income	678,898	-	678,898
Grant income	58,011	-	58,011
Other income	140,872	-	140,872
Total Revenues and Gains	(1,906,293)	(4,532,955)	(6,439,248)
Net assets released from restriction	25,983,017	(25,983,017)	-
Total Revenues, Gains, and Other Support	24,076,724	(30,515,972)	(6,439,248)
Expenses:			
Program services	22,970,811	-	22,970,811
Supporting services	1,741,727	-	1,741,727
Total Expenses	24,712,538	-	24,712,538
Change in Net Assets	(635,814)	(30,515,972)	(31,151,786)
Net Assets, beginning of year	6,061,073	308,747,755	314,808,828
Net Assets, end of year	\$ 5,425,259	\$ 278,231,783	\$ 283,657,042

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

The Community Foundation of Western North Carolina, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Supporting Services			Total
		Management & General	Fundraising	Supporting Services	
Grants	\$ 20,447,838	\$ -	\$ -	\$ -	\$ 20,447,838
Salaries	1,102,510	709,212	280,413	989,625	2,092,135
Payroll taxes	77,306	49,729	19,662	69,391	146,697
Employee benefits	258,292	166,151	65,694	231,845	490,137
Total Salaries and Related Expenses	1,438,108	925,092	365,769	1,290,861	2,728,969
Contract services	80,125	51,542	20,379	71,921	152,046
Dues and subscriptions	32,961	21,203	8,383	29,586	62,547
Insurance	12,664	8,147	3,221	11,368	24,032
Office expense	23,525	15,133	5,983	21,116	44,641
Postage	6,263	4,029	1,593	5,622	11,885
Telephone	5,149	3,312	1,310	4,622	9,771
Professional services	290,883	187,117	73,984	261,101	551,984
Public relations	-	-	45,215	45,215	45,215
Training and education	110,490	71,076	28,103	99,179	209,669
Travel and training	10,552	6,788	2,684	9,472	20,024
Printing and publications	12,370	7,957	3,146	11,103	23,473
Occupancy	33,220	21,370	8,449	29,819	63,039
Equipment maintenance/purchases	57,508	36,994	14,626	51,620	109,128
Meetings expense	9,999	6,432	2,543	8,975	18,974
Miscellaneous	61,816	39,765	15,724	55,489	117,305
	2,185,633	1,405,957	601,112	2,007,069	4,192,702
Depreciation	45,287	29,131	11,518	40,649	85,936
Total Expenses	\$ 22,678,758	\$ 1,435,088	\$ 612,630	\$ 2,047,718	\$ 24,726,476

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

The Community Foundation of Western North Carolina, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Grants	\$ 20,943,628	\$ -	\$ -	\$ 20,943,628
Salaries	968,279	584,511	216,304	800,815
Payroll taxes	67,474	40,731	15,073	55,804
Employee benefits	243,623	147,065	54,423	201,488
Total Salaries and Related Expenses	1,279,376	772,307	285,800	1,058,107
Contract services	86,251	52,066	19,268	71,334
Dues and subscriptions	27,385	16,531	6,117	22,648
Insurance	12,094	7,300	2,701	10,001
Office expense	21,063	12,715	4,705	17,420
Postage	5,989	3,615	1,338	4,953
Telephone	5,502	3,321	1,230	4,551
Professional services	259,388	156,583	57,945	214,528
Public relations	-	-	65,144	65,144
Training and education	68,887	41,585	15,388	56,973
Travel and training	3,131	1,890	699	2,589
Printing and publications	13,124	7,923	2,932	10,855
Occupancy	36,402	21,975	8,132	30,107
Equipment maintenance/purchases	61,154	36,916	13,661	50,577
Meetings expense	2,308	1,393	515	1,908
Miscellaneous	95,701	57,771	21,381	79,152
	1,977,755	1,193,891	506,956	1,700,847
Depreciation	49,428	29,838	11,042	40,880
Total Expenses	\$ 22,970,811	\$ 1,223,729	\$ 517,998	\$ 1,741,727
				\$ 24,712,538

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

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 21,081,284	\$ (31,151,786)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	85,936	90,308
Contributions restricted for endowment	(3,252,449)	(14,338,829)
Net realized and unrealized (gains) losses on sale of investments	(17,745,066)	39,810,337
Change in assets and liabilities:		
Accounts receivable	(2,685)	16,837
Prepaid expenses	(34,014)	6,751
Grants and scholarships payable	23,865	(29,751)
Accounts payable and accrued liabilities	25,520	16,861
Liabilities under split-interest agreements	(953,665)	(465,311)
Funds held as agency endowments	589,844	(4,062,538)
Net Cash Used in Operating Activities	<u>(181,430)</u>	<u>(10,107,121)</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	63,014,346	59,296,673
Issuance of note receivable	(3,000,000)	-
Purchases of investments	(69,144,951)	(56,415,945)
Purchases of property and equipment	<u>(7,530)</u>	<u>(25,934)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(9,138,135)</u>	<u>2,854,794</u>
Cash Flows from Financing Activities		
Contributions restricted for endowment	<u>3,252,449</u>	<u>14,338,829</u>
Net Cash Provided by Financing Activities	<u>3,252,449</u>	<u>14,338,829</u>
Increase (decrease) in Cash and Cash Equivalents	(6,067,116)	7,086,502
Cash and Cash Equivalents, beginning of year	<u>24,008,435</u>	<u>16,921,933</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 17,941,319</u></u>	<u><u>\$ 24,008,435</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for income tax	<u><u>\$ 97,197</u></u>	<u><u>\$ 137,341</u></u>

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

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.**NOTES TO FINANCIAL STATEMENTS****June 30, 2023 and 2022****1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Foundation and Operations**

The Community Foundation of Western North Carolina, Inc. (the Foundation) is a permanent foundation. The Foundation receives gifts, grants, and bequests for the purpose of making charitable donations to approved organizations (as defined in its articles of incorporation and determined by the Board of Directors) and to perform all acts which may be deemed necessary or expedient to develop charitable capital for Western North Carolina.

Income Taxes

The Foundation has been classified as a publicly-supported charitable foundation under the Internal Revenue Code Section 501(c)(3). As a publicly-supported charity, the Foundation is exempt from federal and state income taxes and federal excise taxes under Section 509(a)(1) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. It is the Foundation's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain, and what, if any, effect the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for tax years 2022 and 2021. Currently, the statute of limitations remains open subsequent to and including tax year 2019; however, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed restrictions on net assets are reported as net assets released from restriction on the statements of activities. Contributions are recognized as revenues in the period made.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – Net assets without donor restrictions include all resources which are not subject to donor restrictions and are available for use in the performance of the activities of the Foundation. The Board of Directors may designate net assets without donor restrictions for quasi-endowment or specific charitable needs.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions include contributions, charitable trusts and endowment investment earnings. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other event specified by the donor. This includes funds which are subject to a general variance power giving the Foundation's Board of Directors the ability to modify donor restrictions that are incapable of fulfillment or are inconsistent with the charitable needs of the community. However, such modifications are not administered in a manner that would significantly alter the original donor restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. As of June 30, 2023 and 2022, the Foundation's net assets with donor restrictions are restricted for funding various community philanthropic programs and/or nonprofits specified by the donors, as well as the endowment corpus and unspent endowment investment earnings.

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of North Carolina adopted UPMIFA effective March 19, 2009. The Foundation has adopted UPMIFA and FASB ASC 958-205. The Board of Directors, on the advice of legal counsel, has determined that a substantial portion of the Foundation's net assets meet the definition of endowment funds under UPMIFA. Contributions received are subject to the terms of an underlying gift agreement.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Net Assets** *[cont'd]*

Under UPMIFA, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors on a fund by fund basis, before making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution;
- The investment policy of the institution.

The Foundation adheres to the concept of historic gift value in determining the portion of donor-restricted endowment gifts that will be allocated to net assets with donor restrictions.

Endowment Spending Policy

The standard spending policy for endowment funds held at the Foundation allows for distributions to qualified charities at an annual amount that is determined by a total return methodology. For the years ended June 30, 2023 and 2022, funds available for distribution on an annual basis for each fiscal year (July 1 through June 30) are determined by calculating 4.5% of the average market value of the fund over a 16 quarter period. In the event that endowment funds have declined in value below the historic gift value of the fund, available spending will be determined by calculating 2% of the average market value of the fund over the 16 quarter period.

Additionally, undistributed “spendable income” may be rolled over into available income for successive fiscal years. The determination of available income is made as of March 31 of each year, and is communicated to fund advisors prior to July 1.

Some endowment funds may have alternative spending policies based on the charitable intent of the fund, consistent with the terms outlined in the fund agreement.

Cash and Cash Equivalents

The Foundation considers all unrestricted, highly-liquid investments purchased with an initial maturity of three months or less to be cash equivalents, except for money market funds held in investment accounts.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

Property and Equipment, net

Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment purchased by the Foundation are recorded at historical cost. Generally, assets having a useful life of more than one year and costing over \$2,500 are capitalized. Depreciation is recorded on a straight-line basis over the estimated useful life of the underlying asset as follows:

	Years
Furniture and fixtures	5-10
Office equipment	3-5
Building	40

Investments

Investments in money market funds, marketable securities with readily determinable fair values, and all debt securities are carried at their fair values in the statements of financial position. Alternative investments are instruments which are not readily marketable and are carried at estimated fair value as provided by the investment managers. Realized and unrealized gains and losses are included in the change in net assets on the accompanying statements of activities.

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Earnings, realized and unrealized gains and losses in the master investment accounts are allocated monthly to the individual component funds based on a calculation of each fund's market share of the investment account.

Fair Value Measurement

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, applies to report balances that are required or permitted to be measured at fair value, defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Fair Value Measurement** *[cont'd]*

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

- Level 1 Inputs are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. For example, securities traded in an active market, such as the New York Stock Exchange, are valued using Level 1 inputs.
- Level 2 Inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.
- Level 3 Inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

Promises to Give and Contributions Made for Charitable Purposes

Unconditional promises to give are recognized as revenues and assets in the period received, at the estimated present values of future cash flows. As such, management has determined that an additional allowance for uncollectible promises to give is not considered necessary. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Foundation makes competitive and donor advised grants to other not-for-profit organizations for charitable purposes. Unconditional gifts for charitable purposes are recorded and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Gifts that are subject to conditions are recorded when the conditions are substantially met.

Split-Interest Agreements

The Foundation holds assets under various charitable remainder trusts and is responsible for trust administration. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are available for the Foundation's use or for distribution to other not-for-profit organizations as specified in the related trust agreement. The portion of the trust attributable to the present value of future benefits to be received by the Foundation is recorded in the statements of activities as a contribution in the period the trust is established, subject to temporary or permanent restrictions outlined in the trust agreement.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***Split-Interest Agreements** *[cont'd]*

A corresponding liability for the present value of estimated future benefits payable to the trust beneficiaries is also recorded. Net earnings and losses of trust assets and distributions to trust beneficiaries are recorded as changes in trust assets and the liability under split-interest agreements on the statements of financial position. On an annual basis, the Foundation revalues the distribution obligation based on actuarial assumptions and applicable mortality tables, recording the resulting change in the value of split-interest agreements on the statements of activities.

The Foundation also holds outright certain assets under charitable gift annuity agreements. The portion of the gift attributable to the present value of future benefits to be received by the Foundation is recorded in the statements of activities as a contribution in the period the charitable gift agreement is established, subject to temporary or permanent restrictions outlined by the donor. A corresponding liability for the present value of estimated future benefits payable to the beneficiaries is also recorded and required distributions are recorded as decreases in the liability account. However, as the assets of charitable gift annuities are not held in trust, the net earnings and losses attributable to these assets are included on the Foundation's statements of activities.

Funds Held as Agency Endowments

The Foundation receives and distributes assets under certain agency and intermediary arrangements. FASB ASC 958-205 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-205 specifically requires that, if a not-for-profit foundation (NPO) establishes a fund at a community foundation with its own funds and specifies itself or its affiliates as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability has been established at the fair value of the funds, which is generally equivalent to the present value of the future payments expected to be made to the NPOs and is reflected under funds held as agency endowments on the accompanying statements of financial position. In addition, related amounts received, distributed, investment income or loss, and expenses are not presented in the accompanying statements of activities.

Donated Services and Materials

Volunteers have donated a significant amount of time to the Foundation's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected in the accompanying financial statements for contributed services since the requirements for recognition under FASB ASC 958-605 were not met. Donated materials are reflected as in-kind contributions in the accompanying financial statements at their estimated fair market value at date of receipt.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.**NOTES TO FINANCIAL STATEMENTS****June 30, 2023 and 2022****1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]****Administrative Charges and Fund Accounting**

The Foundation retains as compensation for its services an administrative fee against the charitable funds under its management. The fee varies, depending upon the type of fund administered and the level of services provided. The Foundation's published administrative fee schedule stipulates that the minimum fee charged is \$250 per year, and the maximum is 3.0% of the market value of the fund, per annum. Certain funds with unique administrative requirements may be subject to a custom fee schedule that is not reflected on the published administrative fee schedule. The administrative fee is charged quarterly.

The Foundation accumulates historical activity data for each gift fund under the principle of fund accounting, maintaining a separate accounting for each fund. In accordance with FASB ASC 958-205, the concept of fund accounting is not utilized in financial reporting and fund balances are classified in the statements of financial position as net assets with or without donor restrictions, consistent with the concept of total-entity reporting. As a result, the administrative fee charged for management services is recorded as an allocation between funds, except for fees charged under trust and agency endowment arrangements. Administrative fees were \$2,749,228 and \$2,973,464 for the years ended June 30, 2023 and 2022, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of assets and contingent liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing certain activities of the Foundation have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]***New Accounting Guidance Implementation**

As of July 1, 2022, the Foundation changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, *Leases*.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Foundation elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases.

As of July 1, 2022, there were no operating lease right-of-use assets and corresponding lease liabilities to be recognized. Adoption of the new guidance did not have a significant impact to the statement of financial position, statement of activities or statement of cash flows for the year ended June 30, 2023

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 16, 2023, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund the charitable purposes of each respective endowment fund.

The Foundation manages its cash available to meet general expenditures by 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 long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS *[cont'd]*

Financial assets available as of June 30, 2023 for general expenditures of the Foundation, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 895,723
Investments without donor restrictions	9,524,958
	<u>\$ 10,420,681</u>

The amounts above are inclusive of three component funds of the Foundation that may be utilized, with Board of Director's approval, to fund Foundation operations should circumstances warrant such action. Although the Foundation does not intend to spend from board-designated endowments (other than amounts appropriated per the annual application of the Foundation's spending policy), these amounts could be made available if necessary.

Additionally, under the administrative fee schedule currently in place, the Foundation will receive approximately \$3,400,000 to support Foundation operations in the fiscal year ending June 30, 2024.

3. INVESTMENTS

Investments consist principally of pooled investment funds, common stocks, government bonds, certificates of deposit, and money market funds, and are carried at market value. The following table illustrates the cost and market value of each investment category as of June 30, 2023:

	Cost	Market Value	Unrealized Gain (Loss)
Equities	\$ 150,601,536	\$ 214,807,450	\$ 64,205,914
Fixed income	92,120,197	85,542,755	(6,577,442)
Publicly traded alternatives	1,338,039	1,300,151	(37,888)
Hedge funds	33,647,228	39,051,897	5,404,669
Real asset funds	7,755,361	15,752,443	7,997,082
Cash equivalent	21,390,837	21,390,837	---
Private equity	5,008,994	6,885,056	1,876,062
	<u>\$ 311,862,192</u>	<u>\$ 384,730,589</u>	<u>\$ 72,868,397</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. INVESTMENTS *[cont'd]*

The following table illustrates the cost and market value of each investment category as of June 30, 2022.

	Cost	Market Value	Unrealized Gain (Loss)
Equities	\$ 150,574,752	\$ 195,810,098	\$ 45,235,346
Fixed income	88,274,349	82,222,692	(6,051,657)
Publicly traded alternatives	784,396	752,065	(32,331)
Hedge funds	35,009,646	39,990,278	4,980,632
Real asset funds	6,699,507	14,387,446	7,687,939
Cash equivalent	21,107,044	21,107,044	---
Private equity	4,270,269	6,585,295	2,315,026
	<u>\$ 306,719,963</u>	<u>\$ 360,854,918</u>	<u>\$ 54,134,955</u>

Investments are presented on the accompanying statements of financial position as of June 30, as follows:

	2023	2022
Investments without donor restrictions	\$ 86,365,782	\$ 82,623,135
Investments with donor restrictions	298,364,807	278,231,783
	<u>\$ 384,730,589</u>	<u>\$ 360,854,918</u>

Of the total investment balance, \$98,853,434 and \$98,263,590 as of June 30, 2023 and 2022, respectively, represent assets held under agency endowments. Also, \$4,087,386 and \$4,067,823 represent assets held under charitable remainder trust agreements as of June 30, 2023 and 2022, respectively.

The Foundation's investments are subject to market risk and managed under an overall investment objective to achieve a favorable total rate of return, consistent with prudent financial management. The goal is to meet charitable distribution and grant-making needs in Western North Carolina, while maintaining or increasing the real inflation adjusted value of the permanent funds for which the Foundation has been entrusted. The Board of Directors has appointed an Investment Committee to administer the Board's investment oversight function. Additionally, the Foundation employs professional investment consultants as part of the performance monitoring function. Investment consultant fees paid in the years ended June 30, 2023 and 2022 were \$175,000 and \$162,500, respectively.

Investment return is included on the statements of activities under the captions investment income and realized and unrealized gains (losses) – net. The investment income caption also includes interest earned on cash and cash equivalents.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. INVESTMENTS *[cont'd]*

Components of investment return for the years ended June 30 are as follows:

	2023	2022
Net unrealized gains at end of year	\$ 72,868,397	\$ 54,134,955
Net unrealized gains at beginning of year	54,134,955	123,478,145
Current year unrealized appreciation (depreciation)	18,733,442	(69,343,190)
Realized gains - net	5,321,212	14,725,352
Investment income	5,840,396	4,690,153
Brokerage fees	(654,597)	(784,957)
	29,240,453	(50,712,642)
Adjustment for amount applicable to agency endowments	(7,248,077)	13,038,122
Adjustment for amount applicable to assets held under charitable remainder trust agreements	(360,637)	688,757
	<u>\$ 21,631,739</u>	<u>\$ (36,985,763)</u>

Investment return is presented on the accompanying statements of activities under the following captions for the year ended June 30:

	2023	2022
Investment income	\$ 3,886,673	\$ 2,824,574
Realized and unrealized gains (losses) - net	17,745,066	(39,810,337)
	<u>\$ 21,631,739</u>	<u>\$ (36,985,763)</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. INVESTMENTS *[cont'd]*

The table below sets forth by level, within the fair value hierarchy, the Foundation's total investment portfolio as of June 30:

2023					
	Fair Value	Level 1	Level 2	Level 3	NAV
Publicly traded equities	\$ 27,702,183	\$ 27,702,183	\$ ---	\$ ---	\$ ---
Publicly traded alternatives	1,300,151	1,300,151	---	---	---
Equity mutual funds	131,152,819	131,152,819	---	---	---
Cash equivalents	21,390,837	21,390,837	---	---	---
Pooled equity funds	55,952,447	---	55,952,447	---	---
Individual fixed income securities	24,015,438	---	24,015,438	---	---
Fixed income mutual funds	57,267,322	---	57,267,322	---	---
Pooled fixed income funds	4,259,995	---	4,259,995	---	---
Real asset funds	15,752,444	3,019,712	---	---	12,732,732
Hedge funds	39,051,897	---	---	---	39,051,897
Private equity funds	6,885,056	---	---	---	6,885,056
Total	<u>\$ 384,730,589</u>	<u>\$ 184,565,702</u>	<u>\$ 141,495,202</u>	<u>\$ ---</u>	<u>\$ 58,669,685</u>
2022					
	Fair Value	Level 1	Level 2	Level 3	NAV
Publicly traded equities	\$ 37,978,055	\$ 37,978,055	\$ ---	\$ ---	---
Publicly traded alternatives	4,636,232	4,636,232	---	---	---
Equity mutual funds	114,677,639	114,677,639	---	---	---
Cash equivalents	21,104,892	21,104,892	---	---	---
Pooled equity funds	38,916,051	---	38,916,051	---	---
Individual fixed income securities	19,061,726	---	19,061,726	---	---
Fixed income mutual funds	58,883,392	---	58,883,392	---	---
Pooled fixed income funds	4,279,725	---	4,279,725	---	---
Real asset funds	14,387,446	2,271,053	---	---	12,116,393
Hedge funds	40,344,465	---	---	---	40,344,465
Private equity funds	6,585,295	---	---	---	6,585,295
Total	<u>\$ 360,854,918</u>	<u>\$ 180,667,871</u>	<u>\$ 121,140,894</u>	<u>\$ ---</u>	<u>\$ 59,046,153</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. INVESTMENTS *[cont'd]*

Investments valued at net asset value “NAV” per share or its equivalent:

The following table represents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent as of June 30:

2023					
Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Real asset funds	a	\$ 12,732,732	\$ 5,978,052	Illiquid	N/A
Hedge funds	b	39,051,897	---	Monthly-Annual	15-95 Days
Private equity funds	c	<u>6,885,056</u>	<u>4,873,180</u>	Illiquid	N/A
		\$ <u>58,669,685</u>	\$ <u>10,851,232</u>		
2022					
Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Real asset funds	a	\$ 12,116,393	\$ 1,769,619	Illiquid	N/A
Hedge funds	b	40,344,465	479,500	Quarterly-Annual	15-95 Days
Private equity funds	c	<u>6,585,295</u>	<u>4,574,834</u>	Illiquid	N/A
		\$ <u>59,046,153</u>	\$ <u>6,823,953</u>		

(a) Real asset funds – This class includes investments in actively managed funds that invest primarily in private companies involved in mining, energy and infrastructure, timber, agribusiness, natural resources, and other hard assets. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 5 to 10 years.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. INVESTMENTS *[cont'd]*

(b)Hedge funds – This class includes investments in actively managed hedge funds and fund-of-funds employing a variety of strategies, including but not limited to multi-strategy, absolute return, arbitrage, event-driven, distressed debt, and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives, and invest in the debt or equity of public and private companies in domestic and foreign markets. All hedge fund investments as of June 30, 2023 are redeemable during the 12 month period following June 30, 2023 and have no restrictions on redemptions beyond redemption frequency and notification period.

(c)Private equity funds – This class includes investments in actively managed private equity funds and fund-of-funds that invest in private and public companies through a variety of strategies including but not limited to early and late stage venture capital, leveraged buy-outs, distressed assets, special situations, and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more.

4. ACCOUNTS RECEIVABLE

Accounts receivable generally consist of miscellaneous contributions to the Foundation in transit at year end. Accounts receivable as of June 30, 2023 and 2022 are \$130,180 and \$127,495, respectively. All amounts are considered collectible and, accordingly, no allowance for doubtful accounts has been deemed necessary.

5. NOTE RECEIVABLE

The Foundation holds a non-interest bearing note receivable in the amount of \$3,000,000 from a not-for-profit organization which was recommended by the advisor of an existing donor advised fund and approved by the Foundation.

Repayment is scheduled as follows:

Years ending June 30:

2024	\$	--
2025		--
2026		500,000
2027		500,000
2028		500,000
Thereafter		<u>1,500,000</u>
	\$	<u>3,000,000</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

6. PROPERTY AND EQUIPMENT, NET

The Foundation acquired the facility used in operations through a condominium project that resulted in the renovation and preservation of the Historic Biltmore School at Vanderbilt Park. Land and other common areas are owned and managed by a property owners' association, Historic Biltmore School at Vanderbilt Park Condominium, with resulting maintenance costs funded through annual dues assessments. The Foundation's assessment fees for the years ended June 30, 2023 and 2022 totaled \$58,121 and \$57,315, respectively.

Property and equipment consist of the following as of June 30:

	2023	2022
Furniture and fixtures	\$ 233,577	\$ 228,577
Office equipment	181,863	181,863
Building	2,596,803	2,594,273
	<u>3,012,243</u>	<u>3,004,713</u>
Less: Accumulated depreciation	(1,051,529)	(965,593)
	<u><u>\$ 1,960,714</u></u>	<u><u>\$ 2,039,120</u></u>

7. LIABILITIES UNDER SPLIT-INTEREST AGREEMENTS

As required by FASB ASC 820-10, the following table presents a reconciliation for the years ended June 30, 2023 and 2022 of the beginning and ending balances of liabilities under split-interest agreements, whose carrying value is based on fair value measurements using significant unobservable inputs (Level 3) during the years ended June 30:

	2023	2022
Balance, beginning of year	\$ 4,582,186	\$ 5,047,497
Realized gains	143,916	236,481
Unrealized gains (losses)	171,870	(980,395)
Contributions	-	-
Issuances/settlements	(1,312,603)	225,446
Interest credited	43,152	53,157
	<u>43,152</u>	<u>53,157</u>
Balance	<u><u>\$ 3,628,521</u></u>	<u><u>\$ 4,582,186</u></u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

8. FUNDS HELD AS AGENCY ENDOWMENTS

The Foundation serves as custodian for over 200 agency endowment funds. As such, transactions representing activity for the agency funds are not included on the Foundation's statements of activities. Transactions are summarized as follows for the years ended June 30:

	2023	2022
Beginning balance	\$ 98,263,590	\$ 102,326,128
Contributions	7,735,668	12,240,916
Investment income	1,254,276	1,025,465
Realized and unrealized gains (losses) - net	5,993,801	(14,063,587)
Grants	(13,630,588)	(2,532,520)
Management fees	(675,838)	(657,337)
Interfund transfers - net	(21,153)	17,640
Other	(66,322)	(93,115)
Ending balance	<u>\$ 98,853,434</u>	<u>\$ 98,263,590</u>

9. NET ASSETS

Net assets with donor restrictions consist of funds earmarked by the donor for specific purposes.

The Foundation defines the permanently restricted portion of endowment funds as a function of historic gift value. Hybrid funds include funds that maintain a minimum fund balance under the terms of the fund agreement. The minimum fund balance of hybrid funds is also allocated to net assets with donor restrictions. However, hybrid funds are not managed as endowment funds or subjected to spending policy restrictions.

Restrictions on net assets as of June 30 are summarized by source as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ ---	\$ 189,211,876	\$ 189,211,876
Hybrid funds (deficit)	(58,468)	98,682,098	98,623,630
Non-endowed funds	---	6,044,666	6,044,666
Trust funds, net of liability	---	2,662,466	2,662,466
Charitable gift annuities, net of liability	---	1,763,701	1,763,701
Operating funds	6,431,987	---	6,431,987
	<u>\$ 6,373,519</u>	<u>\$ 298,364,807</u>	<u>\$ 304,738,326</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

9. NET ASSETS *[cont'd]*

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ ---	\$ 181,906,685	\$ 181,906,685
Hybrid funds (deficit)	(133,435)	86,793,932	86,660,497
Non-endowed funds	---	6,551,454	6,551,454
Trust funds, net of liability	---	2,644,242	2,644,242
Charitable gift annuities, net of liability	---	335,470	335,470
Operating funds	5,558,694	---	5,558,694
	<u>\$ 5,425,259</u>	<u>\$ 278,231,783</u>	<u>\$ 283,657,042</u>

Reclassifications Between Net Asset Classes

Reclassifications between net asset classes occur in the normal course of activity, and, are normally composed of changes in fund types and intra-fund gifts and grants, and expiration of split-interest agreements.

Changes in endowment net assets for the years ended June 30 are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
beginning of year	\$ ---	\$ 181,906,685	\$ 181,906,685
Investment income	---	2,132,602	2,132,602
Investment gains - net	---	11,456,091	11,456,091
Contribution	---	2,990,023	2,990,023
	---	198,485,401	198,485,401
Less: Appropriated for expenditures	---	(7,556,901)	(7,556,901)
Less: Reclassification and transfers	---	(1,716,624)	(1,716,624)
Total endowment net assets			
end of year	<u>\$ ---</u>	<u>\$ 189,211,876</u>	<u>\$ 189,211,876</u>

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

9. NET ASSETS *[cont'd]*

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
beginning of year	\$ ---	\$ 198,676,498	\$ 198,676,498
Investment income	---	1,566,774	1,566,774
Investment losses - net	---	(25,698,108)	(25,698,108)
Contribution	---	15,565,333	15,565,333
	---	190,110,497	190,110,497
Less: Appropriated for expenditures	---	(7,241,551)	(7,241,551)
Less: Reclassification and transfers	---	(962,261)	(962,261)

Total endowment net assets			
end of year	\$ ---	\$ 181,906,685	\$ 181,906,685

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). UPMIFA has been interpreted to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2023, funds with original gift values of \$22,485,089, fair values of \$21,253,101 and deficiencies of \$1,231,988 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations as well as continued appropriation for expenditures that were deemed prudent by the Board under the currently adopted spending policy.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

10. GRANTS

Grants, including those paid from agency endowments, were made for the following purposes during the year ended June 30:

	2023	2022
Advancing the arts	\$ 2,073,259	\$ 1,336,615
Animal welfare	434,116	---
Assisting people in need	5,806,562	5,057,435
Building community and economic vitality	4,490,107	3,683,800
Enhancing our environment	5,254,410	3,014,104
Improving educational opportunities	4,867,463	5,213,335
Promoting access to quality healthcare	9,260,095	3,159,394
Religion	1,408,914	1,518,944
Scholarships	483,500	474,881
Agency endowment funding	---	17,640
	<u>34,078,426</u>	<u>23,476,148</u>
Less: Amounts paid from agency endowments	<u>(13,630,588)</u>	<u>(2,532,520)</u>
	<u>\$ 20,447,838</u>	<u>\$ 20,943,628</u>

11. RELATED PARTY TRANSACTIONS

Related Organization

The Western North Carolina Real Estate Foundation (WNCREF) was formed as a not-for-profit corporation as a Type I supporting Foundation. The entity exists solely to support The Community Foundation of Western North Carolina through the management of real property contributions to the Foundation.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

11. RELATED PARTY TRANSACTIONS *[cont'd]***Related Organization** *[cont'd]*

Following is summarized financial information regarding Western North Carolina Real Estate Foundation as of and for the years ended June 30:

	2023	2022
<u>Assets</u>		
Cash	\$ 99,948	\$ 86,359
Real estate	275,000	--
Total assets	<u>\$ 374,948</u>	<u>\$ 86,359</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ --	\$ --
Net assets:		
Without donor restrictions	99,948	86,359
With donor restrictions	275,000	--
Total net assets	<u>374,948</u>	<u>86,359</u>
Total liabilities and net assets	<u>\$ 374,948</u>	<u>\$ 86,359</u>
Total support and revenues	<u>\$ 293,598</u>	<u>\$ 14,409</u>
Total expenses	<u>\$ 5,009</u>	<u>\$ 7,236</u>

12. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), up to the current FDIC limit of \$250,000 per depository. Amounts in excess of FDIC limits as of June 30, 2023 and 2022 were approximately \$18,000,000 and \$23,400,000, respectively.

13. CONDITIONAL PROMISES TO GIVE

The Foundation awards certain grants with multi-year payment terms. These grants, amounting to approximately \$863,000 and \$387,000 as of June 30, 2023 and 2022, respectively, are not accrued as grants payable as of June 30, 2023 and 2022, because all terms and conditions of the awards are not satisfied.

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

14. RETIREMENT BENEFITS

The Foundation's employees are eligible to participate in an elective contribution 403(b) retirement plan. For each eligible participant, the Foundation made a matching contribution of up to 5% of the employee's deferrals for the years ended June 30, 2023 and 2022. The Foundation made matching contributions of \$89,226 and \$79,800 during the years ended June 30, 2023 and 2022, respectively. The Foundation also made a discretionary contribution (currently at the level of 3% of the employee's base compensation) for each participant. The discretionary contribution for the years ended June 30, 2023 and 2022 was \$62,798 and \$52,936, respectively.