

**COMMUNITY FOUNDATION
OF NORTHWEST MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**COMMUNITY FOUNDATION OF NORTHWEST MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Community Foundation of Northwest Mississippi

We have audited the accompanying financial statements of the Community Foundation of Northwest Mississippi (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

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; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Northwest Mississippi as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

F. O. Givens & Co.
Senatobia, Mississippi
November 1, 2021

Community Foundation of Northwest Mississippi
Statements of Financial Position
Years Ended December 31, 2020 and 2019

	2020		2019
ASSETS			
Cash and Cash Equivalents	8,812,804	\$	3,046,270
Investments (Note B)	20,916,155		18,164,981
Grants Receivable	1,600,000		-
Property and Equipment Net (Note E)	1,337		3,668
TOTAL ASSETS	\$ 31,330,296		\$ 21,214,919
LIABILITIES			
Accounts Payable	14,567	\$	4,244
Amounts Held on Behalf of Others	1,542,271		1,277,578
PPP Loan Payable (Note G)	92,000		-
Deferred Revenue - CARES Act (Note I)	1,344,167		-
Deferred Revenue - Kellogg's	1,600,000		-
TOTAL LIABILITIES	4,593,005		1,281,822
NET ASSETS			
Net Assets without Donor Restrictions	26,737,291		19,933,097
TOTAL NET ASSETS	26,737,291		19,933,097
TOTAL LIABILITIES AND NET ASSETS	\$ 31,330,296		\$ 21,214,919

The notes to the financial statements are an integral part of this statement.

Community Foundation of Northwest Mississippi
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Public Support						
Contributions	\$ 7,717,622	\$ -	\$ 7,717,622	\$ 4,759,725	\$ -	\$ 4,759,725
Fundraising	144,925	-	144,925	253,986	-	253,986
Administrative Revenue	195,282	-	195,282	164,800	-	164,800
Interest & Dividend Income	266,796	-	266,796	592,471	-	592,471
Net Unrealized & Realized Gain/(Loss) on Investments	1,902,068	-	1,902,068	2,185,009	-	2,185,009
Miscellaneous Income	34,169	-	34,169	138,426	-	138,426
TOTAL INCOME	10,260,862	-	10,260,862	8,094,417	-	8,094,417
Net Assets Put Under / Released From Restriction	-	-	-	676,803	(676,803)	-
Total income and Net Assets Put Under Restriction	10,260,862	-	10,260,862	8,771,220	(676,803)	8,094,417
Programs						
Programs Expenses	3,206,344	-	3,206,344	3,539,873	-	3,539,873
Supporting Services						
Fundraising	122,946	-	122,946	119,377	-	119,377
Administrative	127,378	-	127,378	123,358	-	123,358
TOTAL EXPENSES	3,456,668	-	3,456,668	3,782,608	-	3,782,608
CHANGE IN NET ASSETS	6,804,194	-	6,804,194	4,988,612	(676,803)	4,311,809
NET ASSETS AT BEGINNING OF YEAR	19,933,097	-	19,933,097	14,944,485	676,803	15,621,288
NET ASSETS AT END OF YEAR	\$ 26,737,291	\$ -	\$ 26,737,291	\$ 19,933,097	\$ -	\$ 19,933,097

The notes to the financial statements are an integral part of this statement.

Community Foundation of Northwest Mississippi
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Net Assets	\$ 8,148,361	\$ 4,311,809
Adjustments to reconcile increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	2,331	2,221
Unrealized (Gain)/Loss on Investments	(468,679)	(1,583,403)
Realized (Gain)/Loss on Investments	(1,433,389)	(601,606)
(Increase)/Decrease in Operating Assets		
Grants Receivable	(1,600,000)	825,000
Promises to Give	-	676,803
Increase (Decrease) in Operating Liabilities		
Accounts Payable	10,323	3,009
Agency Funds	264,693	188,243
PPP Loan	92,000	-
Deferred Revenue	1,600,000	(825,000)
Net Cash Provided/(Used) by Operating Activities	6,615,640	2,997,076
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	-	(1,992)
Management Advisory Fees	(37,761)	(35,866)
(Increase)/Decrease in Investments	(811,345)	(1,329,423)
Net Cash Provided/ (Used) by Investing Activities	(849,106)	(1,367,281)
Net Increase/(Decrease) in Cash and Cash Equivalents	5,766,534	1,629,795
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,046,270	1,416,475
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 8,812,804	\$ 3,046,270

The notes to the financial statements are an integral part of this statement.

Community Foundation of Northwest Mississippi
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Programs	Fundraising	Administrative	Total	Programs	Fundraising	Administrative	Total
Advertising	\$ 1,100	\$ -	\$ -	1,100	\$ 433	\$ 10	\$ 10	453
Bank Charges	4,251	277	277	4,805	5,694	109	109	5,912
Continuing Education	-	-	-	0	830	135	135	1,100
Depreciation Expense	-	-	2,331	2,331	-	-	2,221	2,221
Dues and Subscriptions	10,223	-	2,101	12,324	8,859	-	1,760	10,619
Insurance	6,719	2,240	2,240	11,199	3,349	1,116	1,116	5,581
Professional Fees	9,824	3,275	3,275	16,374	9,381	3,127	3,127	15,635
Miscellaneous	3,356	1,119	1,119	5,594	3,122	1,041	1,041	5,204
Office Expense	8,142	2,250	2,250	12,642	20,804	4,211	4,211	29,226
Technology	8,563	2,487	2,487	13,537	9,597	2,123	2,123	13,843
Postage	1,603	360	360	2,323	2,722	642	642	4,006
Grants, Scholarships, & Activities	2,744,387	-	-	2,744,387	3,079,580	-	-	3,079,580
Rent and Utilities	21,089	4,225	4,225	29,539	19,120	4,282	4,282	27,684
Repairs and Maintenance	5,488	1,829	1,829	9,146	5,590	1,805	1,805	9,200
Salaries	293,827	78,364	78,364	450,555	282,019	76,090	76,090	434,199
Employee Benefits	34,744	10,517	10,517	55,778	27,036	8,120	8,120	43,276
Employee Retirement (IRA)	6,614	2,205	2,205	11,024	6,624	2,208	2,208	11,040
Taxes	22,646	6,026	6,026	34,698	21,331	5,717	5,717	32,765
Travel and Entertainment	1,111	220	220	1,551	12,262	1,468	1,468	15,198
Management Advisory Fees	22,657	7,552	7,552	37,761	21,520	7,173	7,173	35,866
Total Expenses	<u>\$ 3,206,344</u>	<u>\$ 122,946</u>	<u>\$ 127,378</u>	<u>\$ 3,456,668</u>	<u>\$ 3,539,873</u>	<u>\$ 119,377</u>	<u>\$ 123,358</u>	<u>\$ 3,782,608</u>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY FOUNDATION OF NORTHWEST MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019**

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Organization

The Community Foundation of Northwest Mississippi, (“the Foundation”) was organized January 7, 2002 as a nonprofit organization. It is dedicated to serving the people of Mississippi’s eleven northwest counties; Bolivar, Coahoma, DeSoto, Leflore, Marshall, Panola, Quitman, Sunflower, Tallahatchie, Tate, and Tunica. The Foundation’s purpose is to provide a flexible, tax-deductible vehicle to meet the needs of donors and philanthropists in Northwest Mississippi and stimulate the establishment of endowed funds that will serve the citizens and non-profit organizations of northwest Mississippi both now and in the future.

Donors contribute to the following fund types:

- Unrestricted Funds- those for which the Foundation has full discretion in making distributions for charitable purposes to meet community needs.
- Donor Advised Funds-unrestricted funds for which the donor has reserved the right to make nonbinding distribution recommendations to the Foundation.
- Field of Interest Funds- those used at the Foundation’s discretion to meet a general field of charitable need specified by the donor.
- Designated Purpose Funds – those used at the Foundation’s discretion to provide support to specific charitable organizations or programs.
- Scholarship Funds – used to provide scholarships for students.

Basis of Presentation

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 of America (GAAP) for the nonprofit industry. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the Foundation’s net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions*- Net assets that are not subject to donor-imposed stipulations
- *Net assets with donor restrictions*- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation or passage of time. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

GAAP provides that if a governing body of an organization has the unilateral power to redirect the use of a donor’s contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Foundation’s Board of Directors has that ability (variance power); however, they would intend to exercise this authority only if the stated purpose of the contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation’s financial statements classify substantially all funds, including the principal of endowment funds, as net assets without donor restrictions, but segregate for internal management and endowment record keeping the portion that is held as endowment from the funds that are currently available for grants.

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Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated amounts.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Of the total balance of cash and cash equivalents, \$6,358,356 and \$1,906,304 as of December 31 2020 and 2019, respectively, were held in money market funds with a reputable broker. They are valued using level 1 inputs in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. These investments are not covered by federal deposit insurance. The remaining balances of cash and cash equivalents may exceed federal deposit insurance limits.

Grants Receivable

Conditional promises to give are recognized when the conditions on which they depend are substantively met. The 2020 Grants Receivable consists of two grants awarded by the W.K. Kellogg Foundation, one to increase the breastfeeding rates of extremely low birth weight babies utilizing a multiagency approach to ensure better outcomes and affect systemic change, and the other to increase economic equity for low-wealth communities of color by building access to living wage employment/entrepreneurship skills.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Amounts held for others under agency transactions

If a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as “Amounts held on behalf of others.”

Investments

Investments consist of equity securities, debt securities, and alternative investments which are carried at fair value if readily determinable and at net asset value per share if not readily determinable.

Investment securities are exposed to several risks, such as interest rate, market, and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur and those changes could materially affect the amounts reported in the Foundation’s financial statements.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is recorded at estimated fair market value at date of donation, or at cost if purchased. Depreciation is computed using the straight-line method, and is based on the expected useful asset life which

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will range from 3 to 25 years. There has not been a policy adopted for applying time restriction for donated long lived assets. Depreciation expense for the year ended December 31, 2020 is \$2,331.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Exemption

The Foundation is exempt from Federal income taxes under the provisions of the Internal Revenue Code as an entity described in Section 501(c)(3). The Foundation is also exempt from state income taxes on related income. The Foundation has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal income tax returns for tax years ended 2017 and beyond remain subject to examination by the Internal Revenue Service.

Advertising

The Foundation uses advertising to promote its programs, fundraiser and services to the general public. The cost of advertising is expensed as incurred.

Revenue Recognition

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications to give are reported at fair value at the date the gift was deemed unconditional. The gifts are recorded as restricted support if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donor-restricted contributions and investment income or gains whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statement.

Fair Value Measurements

The Foundation measures fair value of financial instruments using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy inputs are described below:

- Level 1 Quoted prices in active markets for identical assets
- Level 2 Other significant observable inputs (including quoted prices for similar assets, interest rates, and credit risk)
- Level 3 Significant unobservable inputs

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Adoption of Recent Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. ASU 2018-08 provides guidance in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended December 31, 2020 and was adopted on a modified prospective basis. The Foundation reported deferred revenue for CARES Act funds as a result of this change.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU is intended to improve the effectiveness of the notes to the financial statements through changes in the disclosure requirements for fair value measurements. The adoption of the ASU did not impact the financial statements of the Foundation.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires presentation of contributed nonfinancial assets as a separate line in the statement of activities. This new guidance is effective for fiscal years beginning after June 15, 2021. This guidance is to be applied retroactively, and early adoption is permitted. The Foundation is currently evaluating the impact this guidance will have on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through November 1, 2021, the date the financial statements were available to be issued.

NOTE B: INVESTMENTS

Investments at December 31 included the following:

	2020	2019
Bonds	\$ 2,593,186	\$ 2,387,505
Equity and fixed income funds	17,934,483	15,350,274
Hedge funds	388,486	427,202
	<hr/>	<hr/>
Total investments	\$ 20,916,155	\$ 18,164,981

The Foundation's investments include interest in alternative investments. These investments consist primarily of interest in hedge funds. The objective of these hedge funds is to deliver positive returns while maintaining a lower degree of risk, as measured by standard deviation of monthly returns, than the broad equity markets in which it is investing. The assets of the hedge funds are allocated to investment funds that pursue absolute return strategies in the global equity

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markets, with stronger emphasis on developed equity markets of North America, Europe, and Asia. To achieve its absolute return objective, the investment funds will have the ability to maintain both long and/or short positions in their prospective portfolios. The fund managers will use their discretion in selecting, among other investments, individual stocks, indices, options, and other derivatives, both long and short. The Foundation has chosen to invest in alternative investments because they can generate returns that match or exceed publicly traded securities, they carry lower correlations than equity classes relative to one another, and they can have a profound impact on the portfolio's diversification and total return.

There is no public market for alternative investments, and the shares are transferable or redeemable only at the discretion of the funds' investment managers. A determination of net asset value per share is made on a monthly basis, and this net asset value is considered to be the fair value for these investments.

Investment income (loss) for the years ended December 31st was as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 266,796	\$ 592,471
Net realized gains (losses) on investments	1,433,389	601,606
Net unrealized gains (losses) on investments	<u>468,679</u>	<u>1,583,403</u>
Total investment income (loss)	<u>\$ 2,168,864</u>	<u>\$ 2,777,480</u>

Investment income is reported net of fees. The fees for 2020 and 2019 were \$37,761 and \$35,866 respectively.

NOTE C: FAIR VALUE MEASUREMENTS

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities. Equity and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Bonds and Certificates of deposits are valued primarily by custodians based on pricing models that incorporate available trade, bid, and other market information. The fair value of alternative investments is based on the net asset value per share as a practical expedient.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Foundation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table, set forth by level within the fair value hierarchy, presents the Foundation's investments at fair value as of December 31, 2020:

	2020			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Bonds:				
Corporate bonds	\$ -	\$ 2,593,186	\$ -	\$ 2,593,186
Equity and fixed income funds:				
Domestic equity & other	16,691,701	-	-	16,691,701
Fixed income funds	1,242,782	-	-	1,242,782
Subtotal	17,934,483	2,593,186	-	20,527,669
Alternative and other investment funds:				
Multistrategy	-	-	388,486	388,486
Subtotal other	-	-	388,486	388,486
Total investments	\$ 17,934,483	\$ 2,593,186	\$ 388,486	\$ 20,916,155

The Foundation uses NAV to determine the fair value of all underlying investments that do not have readily determinable market value. Net asset value was used in 2020 as follows:

	Net Asset Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Vida Longevity Fund	\$388,486	-	Quarterly	180 days 2 yr. lock

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The following table, set forth by level within the fair value hierarchy, presents the Foundation's investments at fair value as of December 31, 2019:

	2019			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Bonds:				
Corporate bonds	\$ -	\$ 2,367,505	\$ -	\$ 2,367,505
Municipal bonds	-	20,000	-	20,000
Equity and fixed income funds:				
Domestic equity & other	14,547,970	-	-	14,547,970
Fixed Income funds	802,304	-	-	802,304
Subtotal	15,350,274	2,387,505	-	17,737,779
Alternative and other investment funds:				
Multistrategy	-	-	427,202	427,202
Subtotal other	-	-	427,202	427,202
Total investments	\$ 15,350,274	\$ 2,387,505	\$ 427,202	\$ 18,164,981

The Foundation uses NAV to determine the fair value of all underlying investments that do not have readily determinable market value. Net asset value was used in 2019 as follows:

	Net Asset Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Vida Longevity Fund	\$427,202	-	Quarterly	180 days 2 yr. lock

Information regarding the changes in the fair value of the Foundation's Level 3 investments for the years ended December 31 is as follows:

	2020	2019
Level 3 investments beginning	\$ 427,202	416,019
Unrealized gains (losses)	(38,716)	11,183
Level 3 investment ending	388,486	427,202

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NOTE D: ENDOWED FUNDS

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and its own governing documents. The Board of Directors has recognized that the majority of the Foundation’s contributions are subject to the terms of specific agreements with the Foundation and its Financial Policies and Investment Guidelines. Under the terms of the Bylaws and Financial Policies and Investment Guidelines, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions are classified as unrestricted.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of those endowment assets. The Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 8%; enough to make an annual distribution, pay management fees, and maintain its purchasing power. Actual returns in any given year may vary from this amount.

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 and current yield. The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation’s various endowed funds for grant making and administration. The current spending policy is to distribute an amount at least equal to 4.5% to 5% of an annual average daily balance of the fair value of the endowment funds. Over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of 3% to 3.5% annually. This is consistent with the Foundation’s objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

A summary of endowment net assets by type of fund as of December 31 is as follows:

	2020	2019
Board Designated	\$ 5,364,980	\$ 4,934,545
Designated Purpose	2,776,298	2,388,715
Donor Advised	6,748,898	6,213,147
Field of Interest	2,746,689	2,440,019
Scholarship	816,092	740,415
Total Endowment Funds	<u>\$ 18,452,957</u>	<u>\$ 16,716,841</u>

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A summary of changes in endowment net assets as of December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Endowment Net Assets, Beginning of Year	\$ 16,716,841	\$ 12,631,162
Contributions	327,638	2,192,050
Interest and Dividends, Net of Fees	250,019	317,784
Realized Gains/ (Losses)	279,795	456,720
Grants, Scholarships, & Programs	(269,776)	(576,035)
Administrative Fees	(153,513)	(139,927)
Other Income/ (Expense)	(58,705)	(30,597)
Unrealized Gains/ (Losses)	1,360,658	1,865,683
Change in Endowment Net Assets	<u>\$ 1,736,116</u>	<u>\$ 4,085,678</u>
Endowment Net Assets, End of Year	<u>\$ 18,452,957</u>	<u>\$ 16,716,841</u>

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture & Equipment	\$ 11,970	\$ 11,970
Total:	11,970	11,970
Accumulated Depreciation	(10,633)	(8,302)
Net Property and Equipment:	<u>\$ 1,337</u>	<u>\$ 3,668</u>

NOTE F: CURRENT ASSETS AND CURRENT LIABILITIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 8,812,804	\$ 3,046,270
Grant Receivable	1,600,000	-
Investments	20,916,155	18,164,981
Total Current Assets	<u>\$31,328,959</u>	<u>\$21,211,251</u>
Current Liabilities		
Accounts Payable	\$ 14,567	\$ 4,244
Deferred Income – CARES Act	1,344,167	-
Deferred Income- Kellogg's Grant	1,600,000	-
Total Current Liabilities	<u>\$ 2,958,734</u>	<u>\$ 4,244</u>

**COMMUNITY FOUNDATION OF NORTHWEST MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019**

NOTE G: LOAN PAYABLE

Debt outstanding as of December 31:

	2020	2019
PPP Loan Payable	\$ 92,000	\$ -
	\$ 92,000	\$ -

The loan payable represents the first Payroll Protection Plan loan received by the Foundation due to the Covid-19 Pandemic. The loan was obtained from Guaranty Bank at 1% interest. The Foundation has submitted their application for loan forgiveness, but as of December 31, 2020 forgiveness has not been granted. Due to the delay in obtaining loan forgiveness, the lender has extended the date of the first loan payment until 2022.

The principal and interest payments required for the \$92,000 loan are as follows:

Year(s) Ending	Principal	Interest
2022	51,200	575
2023	40,800	152
	\$ 92,000	\$ 727

NOTE H: AVAILABILITY AND LIQUIDITY

The Foundation's financial assets available within one year of the balance sheet date for general expenditure were as follows:

	December 31, 2020	December 31, 2019
Cash and Cash Equivalents	\$ 8,812,804	\$ 3,046,270
Grant Receivable	1,600,000	-
Investments	20,916,155	18,164,981
Financial Assets Available to Meet General expenditures Within One Year	\$ 31,328,959	\$ 21,211,251

**COMMUNITY FOUNDATION OF NORTHWEST MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019**

The Foundation has \$31,328,959 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Contributions made without donor restrictions are expendable for general operating as well as to support the goals and objectives of The Foundation as needed.

NOTE I: DEFERRED REVENUE – CARES Act

During 2020, the Foundation received \$1,368,168 from the State of Mississippi to provide Covid-19 relief to food pantries and other non-profit entities in Northwest Mississippi. As of December 31, 2020 the Foundation had distributed \$24,001 to qualified non-profit entities. The remaining \$1,344,167 must be distributed to qualified recipients in 2021, or be returned to the State of Mississippi, thus making it a conditional contribution under ASU 2018-08. Therefore, the unspent \$1,344,167 is classified as a liability on the Foundation's balance sheet at year end.