

**COMMUNITY FOUNDATION  
OF NORTHWEST MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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# F. O. GIVENS & COMPANY

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses 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 Northwest Mississippi as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Northwest Mississippi and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Foundation of Northwest Mississippi's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Community Foundation of Northwest Mississippi'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 Community Foundation of Northwest Mississippi'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.

*F.O. Givens & Co*

F. O. Givens & Co.  
Senatobia, Mississippi  
October 17, 2023

**Community Foundation of Northwest Mississippi**  
**Statements of Financial Position**  
**Years Ended December 31, 2022 and 2021**

|  | <b>2022</b>          | <b>2021</b>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>                              |                      |                      |
| Cash and Cash Equivalents                  | 12,116,914           | \$ 14,697,373        |
| Investments (Note B)                       | 23,641,213           | 22,744,641           |
| Grants Receivable                          | -                    | 800,000              |
| Beneficial Interest in Lead Trust (Note J) | 1,761,236            | -                    |
| Property and Equipment Net (Note E)        | 7,384                | 3,926                |
| Digital Assets (Note H)                    | 146,467              | 146,467              |
| <b>TOTAL ASSETS</b>                        | <b>\$ 37,673,214</b> | <b>\$ 38,392,407</b> |
| <b>LIABILITIES</b>                         |                      |                      |
| Accounts Payable                           | 32,162               | \$ 44,997            |
| Amounts Held on Behalf of Others           | 1,966,658            | 2,143,061            |
| Deferred Revenue - CARES Act               | -                    | 296,428              |
| Deferred Revenue                           | -                    | 800,000              |
| <b>TOTAL LIABILITIES</b>                   | <b>1,998,820</b>     | <b>3,284,486</b>     |
| <b>NET ASSETS</b>                          |                      |                      |
| Net Assets without Donor Restrictions      | 33,913,158           | 35,107,921           |
| Net Assets with Donor Restrictions         | 1,761,236            | -                    |
| <b>TOTAL NET ASSETS</b>                    | <b>35,674,394</b>    | <b>35,107,921</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>    | <b>\$ 37,673,214</b> | <b>\$ 38,392,407</b> |

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, 2022 and 2021**

|   | 2022  |  |                      | 2021  |  |                      |
|---|---|--|----------------------|---|--|----------------------|
|   | Net Assets<br>without<br>Donor Restrictions | Net Assets<br>with Donor<br>Restrictions | Total                | Net Assets<br>without Donor<br>Restrictions | Net Assets<br>with Donor<br>Restrictions | Total                |
|   |   |  |                      |   |  |                      |
| Public Support  |   |  |                      |   |  |                      |
| Contributions   | 7,633,425                                   | 2,293,379                                | \$ 9,926,804         | \$ 10,440,607                               | -  | \$ 10,440,607        |
| Fundraising   | 26,465                                      | -  | 26,465               | 325,807                                     | -  | 325,807              |
| Administrative Revenue                                  | 334,551                                     | -  | 334,551              | 271,820                                     | -  | 271,820              |
| Interest & Dividend Income                              | 631,811                                     | -  | 631,811              | 644,309                                     | -  | 644,309              |
| Net Unrealized & Realized Gain/(Loss)<br>on Investments | (3,963,144)                                 | -  | (3,963,144)          | 2,232,537                                   | -  | 2,232,537            |
| Change in Value of Split-Interest Agreement             | -   | (282,143)                                | (282,143)            | -   | -  | -                    |
| Miscellaneous Income                                    | 76,703                                      | -  | 76,703               | 316,425                                     | -  | 316,425              |
| Transfers   | 250,000                                     | (250,000)                                | -                    | -   | -  | -                    |
|   | 4,989,811                                   | 1,761,236                                | 6,751,047            | 14,231,505                                  | -  | 14,231,505           |
| <b>TOTAL INCOME</b>                                     |   |  |                      |   |  |                      |
| Programs  |   |  |                      |   |  |                      |
| Programs Expenses                                       | 5,880,157                                   | -  | 5,880,157            | 5,607,143                                   | -  | 5,607,143            |
| Supporting Services                                     |   |  |                      |   |  |                      |
| Fundraising   | 149,971                                     | -  | 149,971              | 125,096                                     | -  | 125,096              |
| Administrative  | 154,446                                     | -  | 154,446              | 128,636                                     | -  | 128,636              |
| <b>TOTAL EXPENSES</b>                                   | 6,184,574                                   | -  | 6,184,574            | 5,860,875                                   | -  | 5,860,875            |
| <b>CHANGE IN NET ASSETS</b>                             | (1,194,763)                                 | 1,761,236                                | 566,473              | 8,370,630                                   | -  | 8,370,630            |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                  | 35,107,921                                  | -  | 35,107,921           | 26,737,291                                  | -  | 26,737,291           |
| <b>NET ASSETS AT END OF YEAR</b>                        | <b>\$ 33,913,158</b>                        | <b>\$ 1,761,236</b>                      | <b>\$ 35,674,394</b> | <b>\$ 35,107,921</b>                        | <b>\$ -</b>                              | <b>\$ 35,107,921</b> |

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, 2022 and 2021**

|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Increase/(Decrease) in Net Assets   | \$ 566,473           | \$ 8,370,630         |
| Adjustments to reconcile increase in Net Assets to Net Cash<br>Provided by Operating Activities |                      |                      |
| Depreciation  | 2,273                | 1,951                |
| Unrealized (Gain)/Loss on Investments   | 4,056,727            | (2,006,358)          |
| Realized (Gain)/Loss on Investments   | (93,583)             | (271,042)            |
| (Increase)/Decrease in Operating Assets   |                      |                      |
| Grants Receivable   | 800,000              | 800,000              |
| Beneficial Interest in Lead Trust   | (1,761,236)          | -                    |
| Increase (Decrease) in Operating Liabilities  |                      |                      |
| Accounts Payable  | (12,835)             | 30,430               |
| Agency Funds  | (176,403)            | 600,790              |
| PPP Loan  | -                    | (92,000)             |
| Deferred Revenue  | (1,096,428)          | (1,847,739)          |
| Net Cash Provided/(Used) by Operating Activities  | 2,284,988            | 5,586,662            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |                      |
| Purchase of Equipment   | (5,731)              | (4,625)              |
| Management Advisory Fees  | (48,034)             | (46,304)             |
| (Increase)/Decrease in Investments  | (4,811,682)          | 348,836              |
| Net Cash Provided/ (Used) by Investing Activities   | (4,865,447)          | 297,907              |
| Net Increase/(Decrease) in Cash and Cash Equivalents  | (2,580,459)          | 5,884,569            |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | <b>14,697,373</b>    | <b>8,812,804</b>     |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <b>\$ 12,116,914</b> | <b>\$ 14,697,373</b> |

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, 2022 and 2021

|                                    | 2022                |                   |                   |                     | 2021                |                   |                   |                     |
|------------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
|                                    | Programs            | Fundraising       | Administrative    | Total               | Programs            | Fundraising       | Administrative    | Total               |
| Advertising                        | \$ 321              | \$ 107            | \$ 107            | 535                 | \$ 24               | \$ 8              | \$ 8              | 40                  |
| Bank Charges                       | 3,459               | 209               | 209               | 3,877               | 3,270               | 271               | 271               | 3,812               |
| Continuing Education               | 1,514               | 505               | 505               | 2,524               | 2,869               | 420               | 420               | 3,709               |
| Depreciation Expense               | -                   | -                 | 2,273             | 2,273               | -                   | -                 | 1,951             | 1,951               |
| Dues and Subscriptions             | 8,809               | -                 | 2,202             | 11,011              | 7,958               | -                 | 1,589             | 9,547               |
| Insurance                          | 7,630               | 2,543             | 2,543             | 12,716              | 1,333               | 444               | 444               | 2,221               |
| Professional Fees                  | 20,709              | 6,903             | 6,903             | 34,515              | 10,245              | 3,415             | 3,415             | 17,075              |
| Miscellaneous                      | 2,312               | 771               | 771               | 3,854               | 418                 | 139               | 139               | 696                 |
| Office Expense                     | 16,343              | 4,774             | 4,774             | 25,891              | 12,136              | 3,538             | 3,538             | 19,212              |
| Technology                         | 17,941              | 7,181             | 7,181             | 32,303              | 13,001              | 3,841             | 3,841             | 20,683              |
| Postage                            | 1,210               | 225               | 225               | 1,660               | 1,415               | 330               | 330               | 2,075               |
| Grants, Scholarships, & Activities | 5,332,067           | -                 | -                 | 5,332,067           | 5,136,085           | -                 | -                 | 5,136,085           |
| Rent and Utilities                 | 23,435              | 5,823             | 5,823             | 35,081              | 22,878              | 5,444             | 5,444             | 33,766              |
| Repairs and Maintenance            | 7,107               | 2,369             | 2,369             | 11,845              | 7,262               | 2,421             | 2,421             | 12,104              |
| Salaries                           | 317,945             | 83,485            | 83,485            | 484,915             | 288,006             | 75,796            | 75,796            | 439,598             |
| Employee Benefits                  | 44,016              | 14,672            | 14,672            | 73,360              | 40,333              | 11,334            | 11,334            | 63,001              |
| Employee Retirement (IRA)          | 7,333               | 2,444             | 2,444             | 12,221              | 6,511               | 2,170             | 2,170             | 10,851              |
| Taxes                              | 24,486              | 6,422             | 6,422             | 37,330              | 22,204              | 5,832             | 5,832             | 33,868              |
| Travel and Entertainment           | 14,700              | 1,931             | 1,931             | 18,562              | 3,413               | 432               | 432               | 4,277               |
| Management Advisory Fees           | 28,820              | 9,607             | 9,607             | 48,034              | 27,782              | 9,261             | 9,261             | 46,304              |
| <b>Total Expenses</b>              | <b>\$ 5,880,157</b> | <b>\$ 149,971</b> | <b>\$ 154,446</b> | <b>\$ 6,184,574</b> | <b>\$ 5,607,143</b> | <b>\$ 125,096</b> | <b>\$ 128,636</b> | <b>\$ 5,860,875</b> |

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, 2022 AND 2021**

**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, \$9,857,819 and \$13,809,400 as of December 31 2022 and 2021, 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 2021 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.

**Beneficial Interest in Lead Trust**

The Foundation has been named a beneficiary of an irrevocable lead trust. The Foundation's interest in this trust is measured at present value of the estimated future distributions expected to be received.

**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

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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 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, 2022 is \$2,273.

**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 2018 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:

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- 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

**Adoption of Recent Accounting Pronouncements**

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. The Foundation adopted the standard on January 1, 2022. The standard did not have a material impact on the consolidated financial statements. The Foundation has updated disclosures as necessary (See Note I Gifts in Kind).

**Subsequent Events**

The Foundation has evaluated subsequent events through October 17, 2023, the date the financial statements were available to be issued.

**NOTE B: INVESTMENTS**

Investments at December 31 included the following:

|                               | 2022                 | 2021                 |
|-------------------------------|----------------------|----------------------|
| Bonds                         | \$ 3,292,879         | \$ 2,540,906         |
| U.S. Treasury Bills           | 1,924,100            | -                    |
| Equity and fixed income funds | 18,061,910           | 19,834,148           |
| Hedge funds                   | <u>362,324</u>       | <u>369,587</u>       |
| Total investments             | <u>\$ 23,641,213</u> | <u>\$ 22,744,641</u> |

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 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.

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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 31<sup>st</sup> was as follows:

|  | <u>2022</u>           | <u>2021</u>         |
|--|-----------------------|---------------------|
| Interest and dividends                       | \$ 631,811            | \$ 644,309          |
| Net realized gains (losses) on investments   | 93,583                | 226,179             |
| Net unrealized gains (losses) on investments | <u>(4,056,727)</u>    | <u>2,006,358</u>    |
| Total investment income (loss)               | <u>\$ (3,331,333)</u> | <u>\$ 2,876,846</u> |

Investment income is reported net of fees. The fees for 2022 and 2021 were \$48,034 and \$46,304 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.

See Table on next page.

**COMMUNITY FOUNDATION OF NORTHWEST MISSISSIPPI  
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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, 2022:

|   | 2022                          |                     |                   | Total Assets<br>at Fair Value |
|---|-------------------------------|---------------------|-------------------|-------------------------------|
|   | Fair Value Measurements Using |                     |                   |                               |
|   | Level 1                       | Level 2             | Level 3           |                               |
| Bonds:                                  |                               |                     |                   |                               |
| Corporate bonds                         | \$ -                          | \$ 3,292,880        | \$ -              | \$ 3,292,880                  |
| U.S. Treasury Bills                     | 1,924,100                     |                     |                   | 1,924,100                     |
| Equity and fixed income funds:          |                               |                     |                   |                               |
| Domestic equity & other                 | 16,073,077                    | -                   | -                 | 16,073,077                    |
| Fixed income funds                      | 1,988,832                     | -                   | -                 | 1,988,832                     |
| Subtotal                                | 19,986,009                    | 3,292,880           | -                 | 23,278,889                    |
| Alternative and other investment funds: |                               |                     |                   |                               |
| Multistrategy                           | -                             | -                   | 362,324           | 362,324                       |
| Subtotal other                          | -                             | -                   | 362,324           | 362,324                       |
| <b>Total investments</b>                | <b>\$ 19,986,009</b>          | <b>\$ 3,292,880</b> | <b>\$ 362,324</b> | <b>\$ 23,641,213</b>          |

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 2022 as follows:

|                     | Net Asset Value | Unfunded<br>Commitment | Redemption<br>Frequency | Redemption<br>Notice Period |
|---------------------|-----------------|------------------------|-------------------------|-----------------------------|
| Vida Longevity Fund | \$362,324       | -                      | Quarterly               | 180 days<br>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, 2021:

|   | 2021                          |                   |                     | Total Assets<br>at Fair Value |
|---|-------------------------------|-------------------|---------------------|-------------------------------|
|   | Fair Value Measurements Using |                   |                     |                               |
|   | Level 1                       | Level 2           | Level 3             |                               |
| Bonds:                                  |                               |                   |                     |                               |
| Corporate bonds                         | \$                            | -                 | \$ 2,540,906        | \$ 2,540,906                  |
| Equity and fixed income funds:          |                               |                   |                     |                               |
| Domestic equity & other                 |                               | 18,663,322        | -                   | 18,663,322                    |
| Fixed Income funds                      |                               | 1,170,826         | -                   | 1,170,826                     |
| Subtotal                                |                               | 19,834,148        | 2,540,906           | 22,375,054                    |
| Alternative and other investment funds: |                               |                   |                     |                               |
| Multistrategy                           |                               | -                 | 369,587             | 369,587                       |
| Subtotal other                          |                               | -                 | 369,587             | 369,587                       |
| <b>Total investments</b>                | <b>\$</b>                     | <b>19,834,148</b> | <b>\$ 2,540,906</b> | <b>\$ 22,744,641</b>          |

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 2021 as follows:

|                     | Net Asset Value | Unfunded<br>Commitment | Redemption<br>Frequency | Redemption<br>Notice Period |
|---------------------|-----------------|------------------------|-------------------------|-----------------------------|
| Vida Longevity Fund | \$369,587       | -                      | Quarterly               | 180 days<br>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:

|                               | 2022       | 2021     |
|-------------------------------|------------|----------|
| Level 3 investments beginning | \$ 369,586 | 388,486  |
| Unrealized gains (losses)     | (7,262)    | (18,900) |
| Level 3 investment ending     | 362,324    | 369,586  |

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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:

|                       | <u>2022</u>          | <u>2021</u>          |
|-----------------------|----------------------|----------------------|
| Board Designated      | \$ 5,144,881         | \$ 6,166,384         |
| Designated Purpose    | 3,266,450            | 3,428,902            |
| Donor Advised         | 6,709,642            | 7,717,588            |
| Field of Interest     | 3,517,568            | 4,048,400            |
| Scholarship           | 909,247              | 1,016,984            |
| Total Endowment Funds | <u>\$ 19,547,788</u> | <u>\$ 22,378,258</u> |



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

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| Endowment Net Assets, Beginning of Year | \$ 22,378,258        | \$ 18,452,957        |
| Contributions                           | 988,808              | 1,711,940            |
| Interest and Dividends, Net of Fees     | 374,275              | 338,543              |
| Realized Gains/ (Losses)                | 117,408              | 110,204              |
| Grants, Scholarships, & Programs        | (348,779)            | (331,800)            |
| Administrative Fees                     | (208,679)            | (182,992)            |
| Other Income/ (Expense)                 | 12,320               | (36,491)             |
| Unrealized Gains/ (Losses)              | (3,765,823)          | 2,315,897            |
| Change in Endowment Net Assets          | <u>\$(2,830,470)</u> | <u>\$ 3,925,301</u>  |
| Endowment Net Assets, End of Year       | <u>\$ 19,547,788</u> | <u>\$ 22,378,258</u> |

**NOTE E: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

|                             | <u>2022</u>     | <u>2021</u>     |
|-----------------------------|-----------------|-----------------|
| Furniture & Equipment       | \$ 17,605       | \$ 15,569       |
| Total:                      | 17,605          | 15,569          |
| Accumulated Depreciation    | (10,221)        | (11,643)        |
| Net Property and Equipment: | <u>\$ 7,384</u> | <u>\$ 3,926</u> |

**NOTE F: CURRENT ASSETS AND CURRENT LIABILITIES**

|                                   | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-----------------------------------|------------------------------|------------------------------|
| <b>Current Assets</b>             |                              |                              |
| Cash and Cash Equivalents         | \$ 12,116,914                | \$ 14,697,373                |
| Grant Receivable                  | -                            | 800,000                      |
| Beneficial Interest in Lead Trust | 1,761,236                    | -                            |
| Investments                       | <u>23,641,213</u>            | <u>22,744,641</u>            |
| Total Current Assets              | <u>\$ 37,519,363</u>         | <u>\$ 38,242,014</u>         |
| <b>Current Liabilities</b>        |                              |                              |
| Accounts Payable                  | \$ 32,161                    | \$ 44,997                    |
| Deferred Income - CARES Act       | -                            | 296,428                      |
| Deferred Income                   | <u>-</u>                     | <u>800,000</u>               |
| Total Current Liabilities         | <u>\$ 32,161</u>             | <u>\$ 1,141,425</u>          |

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**NOTE G: AVAILABILITY AND LIQUIDITY**

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

|  | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|--|------------------------------|------------------------------|
| Cash and Cash Equivalents  | \$ 12,116,914                | \$ 14,697,373                |
| Grant Receivable   | -                            | 800,000                      |
| Beneficial Interest in Lead Trust  | 250,000                      | -                            |
| Investments  | <u>23,641,213</u>            | <u>22,744,641</u>            |
| <br>Financial Assets Available to Meet<br>General expenditures Within One Year | <br><u>\$ 36,008,127</u>     | <br><u>\$ 38,242,014</u>     |

The Foundation has \$36,008,127 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 H: DIGITAL ASSETS – Bitcoin**

During 2021, the Foundation received a gift of Bitcoin valued at \$296,431. Upon receipt of the gift, the donor requested the Foundation sell a portion of the Bitcoin and keep a portion. As of December 31, 2022, the carrying value of the Foundation's digital assets (comprised solely of Bitcoin) was \$146,467.

**NOTE I: GIFTS IN KIND**

The Foundation receives various forms of gift-in-kind (GIK) including media, use of building space and in-kind services. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Donated GIK are not sold and are only used for program use. Of the total fundraising revenue, \$25,695 and \$28,195 as of December 31 2022 and 2021, respectively, were gifts in kind. Due to the relative immateriality, the Foundation will not present this information as a separate line on the statement of activities.

**NOTE J: Charitable Lead Trust**

The Foundation is the beneficiary of a charitable lead trust. Under the terms of the agreement, the Foundation is to receive annual payments of \$250,000 for 10 years. The Foundation recognized \$2,293,379 in contributions in connection with the charitable lead trust on the statement of activities for the year ended December 31, 2022. This represents the present value of the contributions expected to be received. The Foundation received \$250,000 from the trust for the year ended December 31, 2022.