

THE WILDCAT FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

THE WILDCAT FOUNDATION
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For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Wildcat Foundation
Mechanicsburg, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Wildcat Foundation (a nonprofit organization), 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 Wildcat Foundation 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Wildcat Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Change in Accounting Principle

As described in Note 2 to the financial statements, The Wildcat Foundation has implemented ASU No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Prior Period Restatement

As discussed in Note 14 to the financial statements, certain errors resulting in understatement of amounts previously reported for construction in progress and accounts payable as of June 30, 2022, were discovered by management of The Wildcat Foundation during the current year. Accordingly, amounts reported for construction in progress and accounts payable have been restated in the 2022 financial statements now presented. No adjustment to net assets as of June 30, 2022 was necessary to correct the error. Our opinion is not modified with respect to this matter.

Members of the American and Pennsylvania Institutes of CPAs

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 Wildcat Foundation'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 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 Wildcat Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wildcat Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

November 21, 2023

Mechanicsburg, Pennsylvania



Certified Public Accountants

THE WILDCAT FOUNDATION
 Statements of Financial Position
 June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and Cash Equivalents – Operating (Note 3) | \$ 392,184 | \$ 581,664 |
| Investments (Note 10) | 209,625 | - |
| Pledges Receivable (Note 5) | - | 10,750 |
| Prepaid Expenses | 1,540 | 1,528 |
| Cash and Cash Equivalents – Restricted for Capital Campaign (Note 3) | 86,890 | 155,650 |
| Beneficial Interest in Net Assets of a Community Foundation (Note 7) | 407,457 | 398,875 |
| Construction in Progress (Note 6) | <u>1,660,419</u> | <u>1,606,923</u> |
| Total Assets | <u>\$ 2,758,115</u> | <u>\$ 2,755,390</u> |
| Liabilities | | |
| Accounts Payable | \$ 10,000 | \$ 20,682 |
| Deferred Revenue | <u>12,112</u> | <u>14,904</u> |
| Total Liabilities | <u>22,112</u> | <u>35,586</u> |
| Net Assets | | |
| Without Donor Restrictions | | |
| Undesignated | 2,107,521 | 2,007,799 |
| Board Designated (Note 8) | 157,098 | 156,487 |
| With Donor Restrictions (Note 9) | <u>471,384</u> | <u>555,518</u> |
| Total Net Assets | <u>2,736,003</u> | <u>2,719,804</u> |
| Total Liabilities and Net Assets | <u>\$ 2,758,115</u> | <u>\$ 2,755,390</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Activities
For the Year Ended June 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Support and Revenue | | | |
| Contributions | \$ 71,947 | \$ 93,480 | \$ 165,427 |
| Special Events | 111,109 | - | 111,109 |
| Interest Income | 2,122 | - | 2,122 |
| Investment Income (Note 10) | 8,254 | - | 8,254 |
| Changes in Beneficial Interest in Net Assets of a Community Foundation (Note 7) | 36,553 | - | 36,553 |
| Net Assets Released from Restrictions | <u>177,614</u> | <u>(177,614)</u> | <u>-</u> |
| Total Support and Revenue | <u>407,599</u> | <u>(84,134)</u> | <u>323,465</u> |
| Expenses | | | |
| Program Services | 167,261 | - | 167,261 |
| Supporting Services | | | |
| Management and General | 38,783 | - | 38,783 |
| Fundraising | <u>101,222</u> | <u>-</u> | <u>101,222</u> |
| Total Expenses | <u>307,266</u> | <u>-</u> | <u>307,266</u> |
| Change in Net Assets | 100,333 | (84,134) | 16,199 |
| Net Assets, Beginning of Year | <u>2,164,286</u> | <u>555,518</u> | <u>2,719,804</u> |
| Net Assets, End of Year | <u>\$ 2,264,619</u> | <u>\$ 471,384</u> | <u>\$ 2,736,003</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Activities
For the Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Support and Revenue | | | |
| Contributions | \$ 80,073 | \$ 334,011 | \$ 414,084 |
| Special Events | 95,956 | - | 95,956 |
| Interest Income | 405 | - | 405 |
| Changes in Beneficial Interest in Net Assets of a Community Foundation (Note 7) | (70,091) | - | (70,091) |
| Net Assets Released from Restrictions | <u>257,033</u> | <u>(257,033)</u> | <u>-</u> |
| Total Support and Revenue | <u>363,376</u> | <u>76,978</u> | <u>440,354</u> |
| Expenses | | | |
| Program Services | 101,069 | - | 101,069 |
| Supporting Services | | | |
| Management and General | 25,874 | - | 25,874 |
| Fundraising | <u>77,595</u> | <u>-</u> | <u>77,595</u> |
| Total Expenses | <u>204,538</u> | <u>-</u> | <u>204,538</u> |
| Change in Net Assets | 158,838 | 76,978 | 235,816 |
| Net Assets, Beginning of Year | <u>2,005,448</u> | <u>478,540</u> | <u>2,483,988</u> |
| Net Assets, End of Year | <u>\$ 2,164,286</u> | <u>\$ 555,518</u> | <u>\$ 2,719,804</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2023

| | Supporting Services | | | <u>Total</u> |
|------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Academic Programs | \$ 40,330 | \$ - | \$ - | \$ 40,330 |
| Advertising | - | - | 6,884 | 6,884 |
| Bad Debt | - | 6,901 | - | 6,901 |
| Employee Benefits | 337 | 337 | 2,019 | 2,693 |
| EITC Donations | 82,404 | - | - | 82,404 |
| Health and Wellness Programs | 14,170 | - | - | 14,170 |
| Information Technology | - | 2,291 | - | 2,291 |
| Insurance | - | 890 | - | 890 |
| Miscellaneous | - | 2,504 | - | 2,504 |
| Office Expense | - | 1,606 | - | 1,606 |
| Payroll Taxes | 657 | 657 | 3,944 | 5,258 |
| Printing and Postage | - | 6,391 | 1,598 | 7,989 |
| Professional Fees | - | 8,843 | - | 8,843 |
| Scholarships | 21,000 | - | - | 21,000 |
| Salaries and Wages | 8,363 | 8,363 | 50,175 | 66,901 |
| Special Events | - | - | 36,602 | 36,602 |
| | - | - | 36,602 | 36,602 |
| Total Expenses | <u>\$ 167,261</u> | <u>\$ 38,783</u> | <u>\$ 101,222</u> | <u>\$ 307,266</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2022

| | Supporting Services | | | |
|------------------------------|---------------------|---------------------------|-------------|------------|
| | Program Services | Management and General | Fundraising | Total |
| Academic Programs | \$ 19,497 | \$ - | \$ - | \$ 19,497 |
| Advertising | - | - | 5,473 | 5,473 |
| Employee Benefits | 70 | 70 | 422 | 562 |
| EITC Donations | 50,061 | - | - | 50,061 |
| Health and Wellness Programs | 13,294 | - | - | 13,294 |
| Information Technology | - | 1,638 | - | 1,638 |
| Insurance | - | 876 | - | 876 |
| Miscellaneous | - | 1,808 | - | 1,808 |
| Office Expense | - | 2,768 | - | 2,768 |
| Payroll Taxes | 336 | 336 | 2,015 | 2,687 |
| Printing and Postage | - | 4,870 | 1,218 | 6,088 |
| Professional Fees | - | 8,197 | - | 8,197 |
| Scholarships | 12,500 | - | - | 12,500 |
| Salaries and Wages | 5,311 | 5,311 | 31,865 | 42,487 |
| Special Events | - | - | 36,602 | 36,602 |
| | - | - | 36,602 | 36,602 |
| Total Expenses | \$ 101,069 | \$ 25,874 | \$ 77,595 | \$ 204,538 |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 16,199 | \$ 235,816 |
| Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided (Used) by Operating Activities: | | |
| Changes in Beneficial Interest in Net Assets of a Community Foundation | (36,553) | 70,091 |
| Contributions to Capital Campaign | (3,849) | (248,601) |
| Net Unrealized Gain on Investments | (7,441) | - |
| Bad Debt Expense | 6,901 | - |
| (Increase) Decrease in: | | |
| Pledges Receivable | 3,849 | 83,634 |
| Prepaid Expenses | (12) | 735 |
| Increase (Decrease) in: | | |
| Accounts Payable | (10,682) | (10,095) |
| Deferred Revenue | <u>(2,792)</u> | <u>14,904</u> |
| Net Cash and Cash Equivalents Provided (Used) by Operating Activities | <u>(34,380)</u> | <u>146,484</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of Investments | (396,054) | - |
| Proceeds from Sale of Investments | 193,870 | - |
| Distribution from Community Foundation | 27,971 | - |
| Purchase of Construction in Progress | <u>(53,496)</u> | <u>(179,592)</u> |
| Net Cash and Cash Equivalents Used by Investing Activities | <u>(227,709)</u> | <u>(179,592)</u> |
| Cash Flows from Financing Activities: | | |
| Contributions to Capital Campaign | <u>3,849</u> | <u>248,601</u> |
| Net Cash and Cash Equivalents Provided by Financing Activities | <u>3,849</u> | <u>248,601</u> |
| Net Change in Cash and Cash Equivalents | (258,240) | 215,493 |
| Cash and Cash Equivalents, Beginning of Year | <u>737,314</u> | <u>521,821</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 479,074</u> | <u>\$ 737,314</u> |
| <u>Supplemental Cash Flow Disclosures:</u> | | |
| Cash Paid for Interest | \$ - | \$ - |
| Cash Paid for Taxes | - | - |
| <u>Supplemental Non-Cash Investing Activities:</u> | | |
| Purchase of Construction in Progress Included in Accounts Payable | \$ - | \$ 20,682 |

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Wildcat Foundation (the Foundation) is a nonprofit community organization formed to raise contributions to be used to support and enhance programs in the Mechanicsburg Area School District (MASD) for the benefit of and to improve the quality of education for the students. The Foundation's support comes primarily from donor contributions and special events.

Basis of Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. If there is no balance in accounts receivable at year-end, then no allowance of doubtful accounts is considered necessary.

Pledges Receivable:

Pledges receivable are recorded in the period in which the pledge is made. Pledges receivable are considered purpose and time restricted net assets and are discounted to present value based upon a reasonable interest rate. Management determined that a discount was not considered necessary for the years ended June 30, 2023 and 2022. Pledges are also reviewed for collectability and allowances may be recorded as determined by management. If a pledge is determined to be uncollectible, it is written off as bad debt expense.

Contributions:

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Deferred Revenue:

Income received in the current year for the subsequent year's events is not recognized as income until the subsequent year, and therefore is considered deferred revenue at the end of the current year.

Fair Value Measurements:

Financial instruments are valued at fair market value on a recurring basis in the Statements of Financial Position.

Fair Value Reporting requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued):

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For financial instruments that have quoted market prices in active markets, the Foundation uses the quoted market prices as fair values and includes those financial instruments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of financial instruments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial instruments whose fair value is determined based upon inputs that are unobservable and include the Foundation's own determinations of the assumptions that a market participant would use in pricing the asset.

Investment income, including realized and unrealized gains restricted by donors, is reported as an increase in net assets without donor restrictions if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Financial instruments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain financial instruments and the level of uncertainty related to changes in the value of financial instruments, it is at least reasonably possible changes in risks in the near term would materially affect financial instrument assets reported in the Statements of Financial Position and Statements of Activities.

Taxation:

The Foundation is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is incurred unless the Foundation earns income considered to be unrelated business income. The Foundation conducted no activities that were subject to income tax.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation. Management evaluated the tax positions taken and concluded that the Foundation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. No provision or benefit for income taxes has been included in these financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2020.

Use of Estimates:

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

Cash and Cash Equivalents:

For the purpose of the Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less.

Restricted Cash and Cash Equivalents:

A portion of the Foundation's funds are donor restricted for its Capital Campaign. These funds are tracked separately and are identified as restricted cash.

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses:

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

NOTE 2 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). The ASU introduces a lessee's model that brings most leases onto the Statement of Financial Position and aligns many of the underlying principles of the new lessor model with those in the new revenue recognition standard (ASU No. 2014-09). ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021. The Foundation implemented this standard for the year ended June 30, 2023. The Foundation had no leases during the year ended June 30, 2023.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and Cash Equivalents – Operating | \$ 392,184 | \$ 581,664 |
| Cash and Cash Equivalents – Restricted for Capital Campaign | <u>86,890</u> | <u>155,650</u> |
| Total | <u>\$ 479,074</u> | <u>\$ 737,314</u> |

Cash and Cash Equivalents – Restricted for Capital Campaign includes amounts restricted for the capital campaign's purpose of reconstructing Memorial Park as described in Note 6.

NOTE 4 AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Financial Assets: | | |
| Cash and Cash Equivalents | \$ 479,074 | \$ 737,314 |
| Investments | 209,625 | - |
| Pledges Receivable | - | 10,750 |
| Beneficial Interest in Net Assets of a Community Foundation | <u>407,457</u> | <u>398,875</u> |
| Total Financial Assets | <u>1,096,156</u> | <u>1,146,939</u> |
| Less Amounts Not Available to be Used Within One Year | | |
| Board Designated Net Assets | 157,098 | 156,487 |
| Net Assets with Donor Restrictions, Net of Pledges Receivable to be Received Within One Year | <u>471,384</u> | <u>546,268</u> |
| Total Amounts Not Available to be Used Within One Year | <u>628,482</u> | <u>702,755</u> |
| Financial Assets Available to Meet Expenses Over the Next Year | <u>\$ 467,674</u> | <u>\$ 444,184</u> |

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 4 AVAILABILITY AND LIQUIDITY (CONTINUED)

The Foundation's plan is generally to maintain financial assets to meet 24 months of operating expenses.

NOTE 5 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give at June 30:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Restricted to Future Periods | \$ _____ - | \$ 10,750 |
| Unconditional Promises to Give Before Allowance for Uncollectibles | _____ - | 10,750 |
| Less: Allowance for Uncollectibles | _____ - | _____ - |
| Total | _____ - | _____ - |
| Pledges Receivable | <u>\$ _____ -</u> | <u>\$ 10,750</u> |
| Amounts Due In: | | |
| Less Than One Year | \$ - | \$ 9,250 |
| One to Five Years | - | 1,500 |
| More Than Five Years | _____ - | _____ - |
| Total | <u>\$ _____ -</u> | <u>\$ 10,750</u> |

Bad debt expense was \$6,901 and \$0 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 CONSTRUCTION IN PROGRESS

During 2020, the Foundation began construction of Memorial Park (the Park). Any construction of the Park will be turned over to MASD upon completion. Until the Park is completed and turned over to MASD, it is capitalized as Construction in Progress. The Park will be expensed in the year it is turned over to MASD. The cost of construction and related services incurred totaled \$1,660,419 and \$1,606,923 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION

During 1999, the Foundation established The Wildcat Foundation Fund (the Fund) with The Foundation for Enhancing Communities (TFEC). TFEC retains legal title to all assets held in the Fund, and the net earnings of the Fund, after deducting the expenses of investing and administering the Fund, are available to be distributed annually to the Foundation. The distribution committee of TFEC has the power to modify any restriction on the Fund; however, it is TFEC's intention to distribute any earnings to the Foundation for as long as the Foundation continues to exist. The Fund is split into two parts: The Wildcat Foundation Fund – Agency and The Wildcat Foundation Fund – Designated. Although the Foundation is the beneficiary to both parts, they are only permitted to claim the amount held in the Agency Fund as an asset in their records. These investments are considered Level 3.

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 7 **BENEFICIAL INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION (CONTINUED)**

During 2012, the Foundation established the Wildcat Foundation Scholarship Fund (the Scholarship Fund) with TFEC. TFEC retains legal title to all assets held in the Scholarship Fund, and the net earnings of the Scholarship Fund, after deducting the expenses of investing and administering the Scholarship Fund, are available for scholarship recipients as determined by the Foundation. The distribution committee of TFEC has the power to modify any restriction on the Scholarship Fund; however, it is the TFEC's intention to distribute any earnings to the Foundation for as long as the Foundation continues to exist. The Foundation is not permitted to claim the amount held in the Scholarship Fund as an asset in their records.

The investment policy, use of earnings, and current year activity are as follows:

Investment Management Policy:

Gifts to the funds are generally given with the donors' expectations that the funds will stay intact and will grow from earnings, which can then be used for current or long-term needs of the Foundation. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager, the Budget Committee and the investment managers should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.
2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Budget Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives. However, investment managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. *Adherence to Investment Discipline* – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Investment Objectives:

Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

Handling of Income from Endowment Fund Investments:

All investment income will be available annually to the Foundation. There are no restrictions on the use of the income other than it must be used for the benefit of the Foundation.

The asset activity for the year ended June 30, 2023 is reflected as net assets without donor restrictions and net assets with perpetual restrictions as follows:

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION (CONTINUED)

Handling of Income from Endowment Fund Investments (Continued):

| | Without Donor <u>Restrictions</u> | With Perpetual <u>Restrictions</u> | <u>Total</u> |
|-----------------------------|--------------------------------------|---------------------------------------|-------------------|
| Beginning Balance | \$ 155,856 | \$ 243,019 | \$ 398,875 |
| Contributions | - | - | - |
| Distributions to Operations | (27,971) | - | (27,971) |
| Investment Income | 44,774 | - | 44,774 |
| Investment Management Fees | <u>(8,221)</u> | <u>-</u> | <u>(8,221)</u> |
| Total Fund Net Assets | <u>\$ 164,438</u> | <u>\$ 243,019</u> | <u>\$ 407,457</u> |

The asset activity for the year ended June 30, 2022 is reflected as net assets without donor restrictions and net assets with perpetual restrictions as follows:

| | Without Donor <u>Restrictions</u> | With Perpetual <u>Restrictions</u> | <u>Total</u> |
|-----------------------------|--------------------------------------|---------------------------------------|-------------------|
| Beginning Balance | \$ 225,947 | \$ 243,019 | \$ 468,966 |
| Contributions | - | - | - |
| Distributions to Operations | - | - | - |
| Investment Loss | (60,573) | - | (60,573) |
| Investment Management Fees | <u>(9,518)</u> | <u>-</u> | <u>(9,518)</u> |
| Total Fund Net Assets | <u>\$ 155,856</u> | <u>\$ 243,019</u> | <u>\$ 398,875</u> |

NOTE 8 BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at June 30:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|-------------------|
| Capital Campaign | \$ <u>157,098</u> | \$ <u>156,487</u> |
| Total Board Designated Net Assets | <u>\$ 157,098</u> | <u>\$ 156,487</u> |

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------|------------------|
| Time Restricted Net Assets | | |
| Pledges Receivable | \$ <u>-</u> | \$ <u>10,750</u> |
| Total Time Restricted Net Assets | <u>-</u> | <u>10,750</u> |

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Purpose Restricted Net Assets | | |
| Academic Programs | | |
| EITC | 96,694 | 99,098 |
| High School Music Program | 1,105 | 605 |
| Diller Scholarship | <u>10,000</u> | <u>-</u> |
| Total Academic Programs | <u>107,799</u> | <u>99,703</u> |
| Health and Wellness Programs | | |
| Memorial Gift | 8,672 | 7,067 |
| Culture/Fine Arts | 406 | 406 |
| Diversity Day | 32 | 32 |
| Girls on the Run | - | 891 |
| Wellness Program | 10,321 | 23,115 |
| Emergency Response Fund | <u>14,245</u> | <u>14,885</u> |
| Total Health and Wellness Programs | <u>33,676</u> | <u>46,396</u> |
| Capital Campaign | <u>86,890</u> | <u>155,650</u> |
| Total Purpose Restricted Net Assets | <u>228,365</u> | <u>301,749</u> |
| Total Time and Purpose Restricted Net Assets | <u>228,365</u> | <u>312,499</u> |
| Perpetually Restricted Net Assets | | |
| Beneficial Interest in Net Assets of a Community Foundation (Note 7) | <u>243,019</u> | <u>243,019</u> |
| Total Perpetually Restricted Net Assets | <u>243,019</u> | <u>243,019</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 471,384</u> | <u>\$ 555,518</u> |

NOTE 10 INVESTMENTS

Investments at June 30, 2023 and 2022 are as follows:

| | <u>2023</u> | | <u>2022</u> | |
|--------------------|-------------------|---------------------|-------------|---------------------|
| | <u>Cost</u> | <u>Market Value</u> | <u>Cost</u> | <u>Market Value</u> |
| Money Market Funds | \$ 8,628 | \$ 8,628 | \$ - | \$ - |
| Mutual Funds | <u>193,556</u> | <u>200,997</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 202,184</u> | <u>\$ 209,625</u> | <u>\$ -</u> | <u>\$ -</u> |

THE WILDCAT FOUNDATION
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 10 INVESTMENTS (CONTINUED)

Investment income consists of the following for the years ended June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-----------------|-------------|
| Interest and Dividends | \$ 1,127 | \$ - |
| Unrealized Gain on Investments | 7,441 | - |
| Investment Fees | <u>(314)</u> | <u>-</u> |
| Total | <u>\$ 8,254</u> | <u>\$ -</u> |

The Foundation considers these investments to be Level 1.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) up to \$250,000 per institution. The amount in excess of the FDIC limit was \$230,132 and \$479,543 at June 30, 2023 and 2022, respectively. There were no amounts in excess of the NCUA limit at June 30, 2023 and 2022.

The Foundation maintains a portion of its investments in money market funds that are not insured by the FDIC. The amount exposed to credit risk as of June 30, 2023 is \$8,628.

NOTE 12 ADVERTISING

The Foundation's policy is to expense advertising costs as incurred as reflected in the Statements of Functional Expenses. The amount of advertising costs incurred was \$6,884 and \$5,473 for the years ended June 30, 2023 and 2022, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Foundation has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The full impact of the pandemic on the Foundation is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.

NOTE 14 PRIOR PERIOD RESTATEMENT

During 2023, management determined that the amounts previously reported for construction in progress and accounts payable as of June 30, 2022 were understated by \$20,682. The amounts reported for construction in progress and accounts payable have been appropriately restated in the 2022 financial statements now presented. No adjustment to net assets was necessary.

NOTE 15 RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 16 SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 21, 2023, which is the date the financial statements were available to be issued.