TWIN COUNTY COMMUNITY FOUNDATION

FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2023

Table of Contents

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
TWIN COUNTY COMMUNITY FOUNDATION
GALAX, VIRGINIA

Opinion

We have audited the accompanying financial statements of the Twin County Community Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and cash flows for the year 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 Twin County Community Foundation as of September 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Twin County Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Twin County Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Twin County Community 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 Twin County Community 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
March 12, 2024

FINANCIAL STATEMENTS

Twin County Community Foundation
Statement of Financial Position
September 30, 2023

Assets		
Cash and cash equivalents	$	834,136
Investments		8,843,714
Interest receivable		5,270
Total Assets	$	9,683,120
Liabilities		
Accounts payable	$	400
Payroll taxes payable		1,768
Excise taxes payable		571
Total Liabilities	$	2,739
Net Assets		
Net assets without donor restrictions	$	9,680,381
Total Net Assets	$	9,680,381
Total Liabilities and Net Assets	$	9,683,120

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

Twin County Community Foundation
Statement of Activities
Year Ended September 30, 2023

		Without Donor Restrictions
Revenues, Gains, and Other Support		
Investment income and dividends, net of investment fees	$	439,020
Unrealized and realized gains (losses) on investments		414,123
Total Revenues, Gains, and Other Support	$	853,143
Expenses		
Program Services		
Health, Welfare, and Educational Programs		
Scholarships	$	208,745
Grants		465,307
Supporting Services		
Management and General		
Salaries and benefits		34,172
Professional fees		11,946
Books and subscriptions		4,230
Bank and investment fees		70
Dues		1,025
Rent expense		3,031
Postage expense		191
Contract labor		760
Insurance expense		4,858
Meeting expense		2,321
Office expense		2,447
Excise tax		2,499
Other expense		603
Total Expenses	$	742,205
Change in net assets	$	110,938
Net Assets, beginning of year		9,569,443
Net Assets, end of year	$	9,680,381

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

Twin County Community Foundation
Statement of Cash Flows
Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	110,938
Adjustments to reconcile change in net assets		
to net cash provided by (used for) operating activities:		
Realized and unrealized gains on investments		(414,123)
(Increase)/Decrease in interest receivable		(1,962)
(Decrease)/Increase in accounts payable		400
(Decrease)/Increase in taxes payable		(4,790)
Net cash provided by (used for) operating activities	$	(309,537)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	$	11,640,492
Sale of investments		(10,957,139)
Net cash provided by (used for) investing activities	$	683,353
Net increase (decrease) in cash and cash equivalents	$	373,816
Cash and cash equivalents, October 1, 2022	$	460,320
Cash and cash equivalents, September 30, 2023	$	834,136

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities:

Twin County Community Foundation (the Foundation) was organized to improve the health, welfare, and education of the residents of the service areas of the former Twin County Community Hospital. The Foundation was established with donated funds from the sale of the Twin County Community Hospital (a non-profit organization). The Foundation is governed by a self-perpetuating Board of Directors, serving staggered terms.

B. Basis of Accounting:

The Foundation maintains its assets and liabilities and records its income and expenses by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

C. Financial Statement Presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. At September 30, 2023, the Foundation had net assets without donor restriction of $9,680,381.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation as well as net assets whose use is limited by donor-imposed time and/or purpose restrictions. At September 30, 2023, the Foundation had no net assets with donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Property and Equipment:

Property and equipment acquired by the Foundation are considered to be owned by the Foundation. The Foundation follows the practice of capitalizing all expenditures for property, furniture, fixtures, and office equipment in excess of $1,000 at cost. Donations of property and equipment, if any, are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation on assets is computed on a straight-line basis over the estimated useful lives of the assets. As of September 30, 2023 and for the year then ended, the Foundation did not hold any depreciable property meeting the aforementioned capitalization policy.

E. Investments:

Marketable securities are reported at fair value based upon quoted market prices or, when quotes are not available, are valued on the basis of comparable financial instruments. Donated securities are recorded at their fair value at the date of donation. Realized and unrealized investment gains and losses are determined by comparison of specific costs of acquisition to net proceeds received at the time of disposal or changes in the difference between fair market value and cost, respectively. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

F. Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in banks, and highly liquid investments with an initial maturity of three months or less. At year end, cash and cash equivalents included money market funds of $146,143.

G. Income Taxes:

The Foundation is an exempt private foundation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is subject to an annual excise tax levied against earnings of the Foundation, as reported in the financial statements. A form 990PF as required by the Internal Revenue Service has been filed for the year ended September 30, 2023.

H. Use of Estimates:

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 estimates.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**: (Continued)*

I. Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation has no fundraising expense. The Foundation directly allocates expenses to various functions.

J. Grants:

The Foundation recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the Board of Directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the Board of Directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until conditions have been met. Revocable grants are recorded when grants are distributed to the grantee.

***NOTE 2 - INVESTMENTS**:*

Fair values of assets measured on a recurring basis at September 30, 2023 are as follows:

	Cost (Basis)	Estimated Value
Money market funds	$ 146,143	$ 146,143
Mutual funds	6,976,081	7,084,341
Exchange traded funds	1,303,804	1,324,492
U.S. treasuries	429,815	434,881
Total	$ 8,855,843	$ 8,989,857

NOTE 2 - INVESTMENTS: (Continued)

The following summarizes investment return and its classification in the statement of activities for the year ended September 30, 2023:

	Without Donor Restrictions
Dividend and investment income	$ 463,332
Investment fees	(37,179)
Interest income	12,867
Realized gains (losses) on investments	(542,169)
Unrealized gains (losses) on investments	956,292
Net investment return	$ 853,143

NOTE 3 – FAIR VALUES MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar asset and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NOTE 3 – FAIR VALUES MEASUREMENTS: (Continued)

The Foundation is providing the following information related to its investments:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds	$ 7,084,341	$ 7,084,341
Exchange Traded Funds	1,324,492	1,324,492
U.S. Treasuries	434,881	434,881
Money Market Funds	146,143	146,143
Totals	$ 8,989,857	$ 8,989,857

NOTE 4 – CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits. At year end, the balance of bank deposits subject to credit risk totaled $332,113, with such amount in excess of FDIC limits of $250,000 per financial institution.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while attempting to maximize the investment of its excess operating cash. The Foundation has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	2023
Cash and cash equivalents	834,136
Investments	8,843,714
Interest receivable	5,270
for general expenditures within one year	9,683,120

The Foundation does not have a formal policy related to investing excess cash and maintaining balances but strives to maintain cash and cash equivalents balances to cover approximately three months of expenses at all times.

NOTE 6 – DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through March 12, 2024 the date the financial statements were available to be issued.