

Community Foundation of the Brazos Valley

Financial Statements

with

Independent Auditor's Report

December 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Community Foundation of the Brazos Valley

Opinion

We have audited the accompanying financial statements of Community Foundation of the Brazos Valley (a Texas Non-Profit Corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Community Foundation of the Brazos Valley as of December 31, 2021 and 2020, 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 Community Foundation of the Brazos Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Brazos Valley'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 Community Foundation of the Brazos Valley'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 the Brazos Valley'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.

Brenham, Texas
May 12, 2022

Seidel Schuster

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and equivalents	\$ 890,777	\$ 864,891
Investments, at fair value	11,964,760	9,711,739
Prepaid expenses	25	25
Property and equipment:		
Furniture, fixtures, and equipment	7,357	7,357
Less: Accumulated depreciation	(7,332)	(7,332)
Net property and equipment	25	25
 Total assets	 \$ 12,855,587	 \$ 10,576,680
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 3,739	2,748
Agency endowments	930,154	828,445
Total liabilities	933,893	831,193
 Net assets:		
Without donor restrictions	11,921,694	9,745,487
Total net assets	11,921,694	9,745,487
 Total liabilities and net assets	 \$ 12,855,587	 \$ 10,576,680

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
<u>Public support and revenues</u>		
Contributions	\$ 1,510,357	\$ 2,273,807
In-kind contributions - securities	116,491	-
Grant revenue	-	13,500
Investment income	1,491,059	663,396
Special events	80,760	5,190
Brazos Valley Gives registration fees	20,300	17,700
In-kind contributions - tribute luncheon	1,800	1,207
In-kind contributions - other	1,296	1,476
Other	8,838	7,638
Total unrestricted public support and revenues	3,230,901	2,983,914
<u>Expenses</u>		
Program services:		
Grants to organizations	856,267	1,305,590
Scholarships	46,665	61,013
Special events	70,942	45,831
Support services:		
Administrative expenses	80,820	91,271
Total expenses	1,054,694	1,503,705
Increase (decrease) in net assets	2,176,207	1,480,209
Net assets - beginning of year	9,745,487	8,265,278
Net assets - end of year	\$ 11,921,694	\$ 9,745,487

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services	Total
	Grants to Organizations	Scholarships	Special Events	Administrative Expenses	
Contract labor	\$ -	\$ -	\$ -	\$ 18,000	\$ 18,000
Software fees	11,165	904	18	663	12,750
Grants to organizations	792,243	-	-	-	792,243
Insurance	-	-	-	4,135	4,135
Investment management fees	40,910	3,312	65	2,429	46,716
Marketing	-	-	16,480	934	17,414
Meals	-	-	-	481	481
Membership fees	-	-	-	1,375	1,375
Office supplies	-	-	-	5,023	5,023
Other	-	-	-	1,291	1,291
Postage	-	-	-	801	801
Printing	-	-	-	1,199	1,199
Professional fees	-	-	-	10,269	10,269
Rent	-	-	-	8,312	8,312
Salaries and payroll expenses	11,949	11,949	31,864	23,899	79,661
Scholarships	-	30,500	-	-	30,500
Telephone	-	-	-	1,088	1,088
Travel	-	-	-	921	921
Tribute luncheon expenses	-	-	22,515	-	22,515
	\$ 856,267	\$ 46,665	\$ 70,942	\$ 80,820	\$ 1,054,694

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Supporting Services	Total
	Grants to Organizations	Scholarships	Special Events	Administrative Expenses	
Conference fees	\$ -	\$ -	\$ -	\$ 90	\$ 90
Contract labor	-	-	-	32,450	32,450
Depreciation	-	-	-	357	357
FIMS software fees	17,330	1,577	20	1,038	19,965
Grants to organizations	1,236,135	-	-	-	1,236,135
Insurance	-	-	-	691	691
Investment management fees	31,402	2,858	36	1,881	36,177
Marketing	-	-	13,839	622	14,461
Meals	-	-	-	332	332
Membership fees	-	-	-	1,325	1,325
Office supplies	-	-	-	3,592	3,592
Other	-	-	-	1,257	1,257
Postage	-	-	1,480	964	2,444
Printing	-	-	2,672	190	2,862
Professional fees	-	-	-	15,028	15,028
Rent	-	-	-	7,510	7,510
Salaries and payroll expenses	20,723	16,578	24,867	20,723	82,891
Scholarships	-	40,000	-	-	40,000
Telephone	-	-	-	1,508	1,508
Travel	-	-	-	1,713	1,713
Tribute luncheon expenses	-	-	2,917	-	2,917
	<u>\$ 1,305,590</u>	<u>\$ 61,013</u>	<u>\$ 45,831</u>	<u>\$ 91,271</u>	<u>\$ 1,503,705</u>

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,176,207	\$ 1,480,209
Adjustments to reconcile to net cash provided by operating activities:		
Reinvested dividends	-	(2,348)
Net (gain) loss on investments	(1,065,751)	(444,346)
Non cash contribution	(116,491)	-
Depreciation	-	357
Increase (decrease) in cash resulting from changes in assets and liabilities:		
Accrued expenses	991	2,748
Grants payable	-	(204)
Agency funds	101,709	44,349
Net cash provided by operating activities	1,096,665	1,080,765
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,544,128)	(1,640,092)
Proceeds from the sale of investments	1,473,349	623,713
Net cash provided (used) by investing activities	(1,070,779)	(1,016,379)
Net increase (decrease) in cash and equivalents	25,886	64,386
Cash and equivalents at beginning of year	864,891	800,505
Cash and equivalents at end of year	\$ 890,777	\$ 864,891

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

1. Summary of significant accounting policies

History

Community Foundation of the Brazos Valley (“the Foundation”) is a public, not for profit 501(c)(3) organization. The Foundation was originally organized on January 9, 2003 under the name Brazos Community Foundation d.b.a. Community Foundation of the Brazos Valley. The Foundation changed its name to Community Foundation of the Brazos Valley effective December 5, 2018.

Mission

Community Foundation of the Brazos Valley is dedicated to improving the quality of life in the Brazos Valley through the development of philanthropic giving, responsible grant making, professional stewardship and collaborative leadership.

Basis of accounting

The financial statements of the Community Foundation of the Brazos Valley have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Because the Foundation follows Generally Accepted Accounting Principles for financial statements of not for profit organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

With donor restrictions – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Programs

Programs are established to comply with the intent of the donor. All contributions, which contain restrictions, are classified as net assets with donor restrictions. These amounts are tracked, by the individual programs, until fully expended. The individual programs are classified in the note which provides details on net assets with donor restrictions.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

1. Summary of significant accounting policies – continued

Categories of major programs, during the period covered by these financial statements were:

1. Scholarships for students attending area colleges
2. Various programs and activities of charitable organizations in the Brazos Valley

Cash and Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. It is the Foundation's policy to immediately sell donated marketable securities upon receipt.

Contributed Services

Certain contributed services related to special events meeting the requirements for recognition have been recorded in the financial statements as in-kind contributions. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services and have not been recorded.

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.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Expenditures for additions, major renewal, and betterments are capitalized, while maintenance and repairs are charged to expense as incurred. The Foundation's capitalization threshold is \$500. Depreciation is computed on the straight-line method over estimated useful lives.

Advertising Costs

Advertising costs are expensed as incurred.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

1. Summary of significant accounting policies - continued

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation has no unrelated business income. The tax years ending December 31, 2018 and later remain subject to examination.

2. Cash and equivalents

Cash and equivalents consist of checking accounts at local financial institutions and brokerage fund deposits and money market accounts with original maturities less than three months. Deposits exceed Federal Depository Insurance Corporation (FDIC) limits by approximately \$730,000 as of December 31, 2021.

3. Investments

The Foundation carries investments at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820-10-65, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs have the highest priority and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level I inputs because they generally provide the most reliable evidence of fair value. Fair value estimates as of December 31, 2021 and 2020 are as follows:

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

3. Investments - continued

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2021</u>				
Exchange traded funds	\$ 981,061	\$ 981,061	\$ -	\$ -
Mutual funds	10,983,699	10,983,699	-	-
	<u>\$ 11,964,760</u>	<u>\$ 11,964,760</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2020</u>				
Exchange traded funds	\$ 553,334	\$ 553,334	\$ -	\$ -
Mutual funds	9,158,405	9,158,405	-	-
	<u>\$ 9,711,739</u>	<u>\$ 9,711,739</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Investment return consists of the following:

	2021	2020
Interest and dividend income	\$ 425,308	\$ 219,050
Net gain (loss) on investments	1,065,751	444,346
	<u>\$ 1,491,059</u>	<u>\$ 663,396</u>

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

4. Net Assets

Included in net assets without donor restrictions is approximately \$8,057,688 and \$6,994,629 of donor-advised funds as of December 31, 2021 and 2020, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Trustees. Thus such funds represent net assets without donor restrictions to the Foundation.

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

4. Net Assets - continued

Net assets with donor restrictions are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. All net assets with donor restriction of this Foundation are based on purpose restrictions.

5. Agency Endowment Funds

Financial accounting standards require that if a not-for-profit organization transfers assets to a recipient organization and specifies itself or its affiliate as the beneficiary, the Foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency endowment funds. These funds are presented as a liability in the Statement of Financial Position.

The agency endowment funds held at December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Aggieland Pregnancy Outreach	\$ 18,812	\$ 16,494
Arts Council of Brazos Valley	11,087	9,721
Boys and Girls Club of Brazos Valley Endowment	51,851	45,463
Boys and Girls Club of Brazos Valley Building Campaign	64,029	56,141
Boys and Girls Club of Washington County Sustaining Endowment	34,360	8,833
Brazos Valley Breast Cancer Support dba Pink Alliance	127,567	97,907
Brazos Valley Chorale	15,019	13,169
Brazos Valley Council of Alcohol & Substance Abuse	9,009	7,912
Brazos Valley Food Bank	106,811	93,652
Brazos Valley Museum of Natural History	27,467	24,083
Children's Museum of Brazos Valley	16,384	10,859
Mobility Worldwide Brazos Valley	48,719	37,551
Scotty's House	39,345	34,498
St. Andrews Episcopal/Cherry	14,133	12,903
St. Andrews Episcopal/Plass	68,933	63,419
St. Michaels Academy	-	11,452
Still Creek Ranch	13,962	12,242
The Theatre Company	63,797	97,779
Unity Theatre	198,869	174,368
	<u>\$ 930,154</u>	<u>\$ 828,445</u>

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

6. Special events

The Foundation hosts an annual luncheon honoring inspirational leaders in the community. Revenues from the luncheon serves as additional support source for the operational needs of the Foundation. For the year ended December 31, 2020, the luncheon was cancelled due to COVID-19. Of the total revenues and contributions of \$70,920, \$65,730 was from luncheon sponsorships that donors allowed as contributions as a result of the cancellation and \$5,190 was from ticket sales. The income and expenses related to the event for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Revenues and contributions	\$ 80,760	\$ 70,920
In-kind contributions	1,800	1,207
Direct expenses - in-kind	(1,800)	(1,207)
Direct expenses - other	(20,715)	(1,710)
Allocation of payroll and other expenses	(16,015)	(16,642)
	<u>\$ 44,030</u>	<u>\$ 52,569</u>

The Foundation hosts an annual day of giving for the Brazos Valley. Revenues are passed through to donors' charities of choice. The income and expenses related to the event for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Revenues and contributions	\$ 667,303	\$ 576,943
Direct expenses - other	(16,480)	(13,839)
Allocation of payroll and other expenses	(15,932)	(12,434)
	<u>\$ 634,891</u>	<u>\$ 550,671</u>

7. Commitments

In 2020, the Foundation entered into an agreement for access and use of its accounting software. The fee for 2021 is \$12,750. The Foundation renewed the agreement in 2022 for a one-year term for a fee of \$9,360.

In 2021, the Foundation entered into a three-year agreement for office space. The lease agreement expires November 1, 2024. The rent expense for the years ended December 31, 2021 and 2020 was \$8,312 and \$7,510, respectively. Required minimum rent payments due for the years ending December 31 are as follows:

2022	\$ 11,257
2023	11,483
2024	9,728
	<u>\$ 32,468</u>

COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2021 and 2020

8. Coronavirus

The Coronavirus (COVID-19) pandemic impacted the nation as a whole, leading to consumer uncertainties and financial setbacks for many businesses and individuals. In April 2020, the Organization received loan proceeds in the amount of \$13,500 under the Paycheck Protection Program (“PPP”) established as part of the CARES Act in response to the negative economic impact of the COVID-19 outbreak. As the funds were used in accordance with the requirements of the program, the Organization was granted forgiveness in November 2020 by the Small Business Administration and has recognized the forgiven proceeds as grant revenue in the accompanying financial statements.

9. Reclassifications

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

10. Subsequent events

Management has evaluated all subsequent events through May 12, 2022, the date on which the financial statements were available to be issued. No additional modifications or disclosures were deemed necessary.