

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

DRAFT

**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.

## **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.

\_\_\_\_\_, 2023

Mechanicsburg, Pennsylvania

*Certified Public Accountants*

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

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
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>
<b>Liabilities</b>		
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>
<b>Net Assets</b>		
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>
<b>Support and Revenue</b>			
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>
<b>Expenses</b>			
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			
	Program Services	Management and General	Fundraising	Total
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
	\$ 167,261	\$ 38,783	\$ 101,222	\$ 307,266
Total Expenses	\$ 167,261	\$ 38,783	\$ 101,222	\$ 307,266

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

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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
	<u>-</u>	<u>-</u>	<u>36,602</u>	<u>36,602</u>
Total Expenses	<u>\$ 101,069</u>	<u>\$ 25,874</u>	<u>\$ 77,595</u>	<u>\$ 204,538</u>

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):**

	<u>Without Donor Restrictions</u>	<u>With Perpetual 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:

	<u>Without Donor Restrictions</u>	<u>With Perpetual 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>10,750</u>
Total Time Restricted Net Assets	<u>_____</u>	<u>10,750</u>



**THE WILDCAT FOUNDATION**  
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**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**  
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**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 \_\_\_\_\_, 2023, which is the date the financial statements were available to be issued.