



BOARD OF DIRECTORS MEETING

SEPTEMBER 20, 2023, 8:30 A.M.

MENDENHALL BUILDING, ROOM 226, DAVIDSON CAMPUS, OR ZOOM/PHONE

*Please click on this link for a video conference

<https://davidsondavie-edu.zoom.us/j/92683085715>

Or call in using your phone

877-853-5257

Meeting ID: 926 8308 5715

AGENDA

Phyllis Penry, Board President, Presiding

- I. Welcome & Call to Order
- II. Approval of Minutes of May 31, 2023 Meeting
- III. Financial Report – Jeremy Hiatt
 - a. Action Item – Audited Financial Statements
 - b. Investment Update
- IV. College Updates
 - a. Presidential Search – George Fouts
 - b. Programs, Enrollment Growth, Buildings – Jenny Varner
- V. Foundation Updates – Kristin Briggs
 - a. Executive Committee
 - b. Nominating for 2024
 - c. Board Meeting Materials – DavidsonDavieFoundation.org/board
- VI. Closing

Next Meetings/Events

Exec Committee: Wednesday, November 15, 8:30 a.m. (Davidson Campus or Zoom/phone)

Full Board: Early 2024

Holiday Party and 60th Anniversary Celebration: Thursday, November 30, 5:00-7:00 p.m.

Davidson-Davie Community College Foundation
Board of Directors Meeting
May 31, 2023
Minutes

A meeting of the Davidson-Davie Community College Foundation Board of Directors was held on Wednesday, May 31, 2023, at 4:00 p.m. on the Davie Campus, in person and via Zoom and conference call.

A majority of voting members were present. Members attending were Brian Barnett, Elizabeth Gee, Jeremy Hiatt, Tammy Joyce, Teresa Kines, Larry Link, Jeff McIntyre, Carolyn McManamy, Thompson Miller, Phyllis Penry, Terry Renegar, Cathi Smith, Jerry Smith, Tom Smith, Danny Squires, Rebecca Sullivan, Parker Tilley, Sterling Wall, Cammie Webb, and Kevin White. Also present were Jenny Varner, Elle King, and Kristin Briggs.

Board President Phyllis Penry called the meeting to order and asked members to review the minutes of the March 22, 2023 meeting. The minutes were approved with no changes.

Phyllis asked Foundation Executive Director Jenny Varner to share updates. Jenny reported that during the April Executive Committee meeting the preliminary spending plan for the next year was reviewed and approved. She noted that in a normal year, when no special circumstances exist, the budget is approximately \$1 million. Most of the spending plan benefits student scholarships or programs in support of the college. She noted that currently the Foundation is within that estimation for spending. She also noted that scholarships that are endowed will continue to be spent at the 4% level. Jenny also reported that the Executive Committee approved Eddie Carrick to continue as the Foundation auditor for the coming year.

Treasurer Jeremy Hiatt reviewed highlights from the financial report, noting total current assets through the end of February 2023 of \$21.6 million. He reminded the Board that the Foundation remains conservative in its approach and long-term outlook of investments and has at minimum two years of operating cash on hand at all times. He noted that the current cash position is still strong and investments are performing well. Jeremy also highlighted the total equity unrestricted net assets at \$10.8 million. He explained that unrestricted funds may be used for anything to further the mission and vision of the Foundation.

Jeremy presented the Statement of Revenues and Expenses, noting a current total income through the end of March 2023 of \$1.9 million, with current year-to-date expenses of \$842,000, yielding an annual year-to-date surplus of \$1.1 million. He reminded the Board that both market performance and donor contributions are the main drivers for these outcomes.

Jeremy reviewed the Foundation's investments, reporting a year-to-date total of \$21.3 million through the end of April with an annualized rate of return of 8%. Jeremy reiterated that all operating cash is held within interest-bearing money market accounts. He noted that the Investment Committee monitors all investments monthly and that the committee will meet following this meeting to discuss a new real estate opportunity.

Jenny gave an update on college enrollment growth, noting summer enrollment is up 5.8% compared to the same time last year and fall enrollment is up 8.3% compared to last year. She

reminded the Board that across the country, many colleges have experienced declines in enrollment, but Davidson-Davie has continued to grow, even throughout the pandemic. Continued growth for the college speaks to how well the college is attracting and retaining students.

Jenny shared that road construction continues at the Davidson Campus, noting that NCDOT expected that by the end of the calendar year traffic patterns on the highway itself would return to normal, although this timeline has been delayed slightly into the spring. When that project is finished, it will allow access to surrounding land, including the Link Campus and the land across Old Greensboro Road, paving the way to begin the development process.

Jenny noted that in Davie County, the Foundation continues to work with Atrium Wake Forest Baptist to place a new health sciences facility near Davie Medical Center for healthcare programs.

Golf Tournament Chair Larry Link and Foundation Director of Development Kristin Briggs reported on the May golf tournament fundraiser. They shared that the tournament hosted 150 players and 50 college volunteers at the golf course in support of the college.

Jenny announced that the college hosted another successful graduation, with a record number of students participating in the ceremony. More than 1,000 students graduated and the college awarded more than 1,200 credentials. Jenny shared that the Foundation's eight graduation scholarship award winners were announced at the ceremony. These special funds were created to support students upon their graduation, and students face a rigorous application and interview process for the award.

Jenny reminded the Board that in the wake of success around the IGNITE Davie college promise program, the Foundation is working on the creation of a Davidson County program, with several important gifts in progress to jumpstart fundraising. She noted that these are last-dollar scholarships that come to students after all other scholarship dollars are awarded to a student.

Jenny mentioned that all Board meeting materials will continue to be posted online for Board members.

There being no further business, the meeting was adjourned.

*DAVIDSON-DAVIE COMMUNITY COLLEGE
FOUNDATION, INC.*

Lexington, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

June 30, 2023 and 2022

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Davidson-Davie Community College Foundation, Inc.
Lexington, North Carolina

Opinion

I have audited the accompanying financial statements of Davidson-Davie Community College Foundation, Inc.(a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of changes in net assets, activities, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Davidson-Davie Community College Foundation, Inc.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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Davidson-Davie Community College Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Davidson-Davie Community College Foundation, Inc.'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

My 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 my 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, I:

- 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 Davidson-Davie Community College Foundation, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Davidson-Davie Community College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Eddie Carrick CPA, PC
Lexington, North Carolina
August 31, 2023

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,386,402	\$ 2,791,401
Contributions and other receivables	133,690	20,000
Investments in securities	19,901,219	17,855,676
Equipment, land, and buildings	3,534,987	3,674,639
TOTAL ASSETS	<u>\$ 25,956,298</u>	<u>\$ 24,341,716</u>
LIABILITIES		
Accounts payable	\$ 73,258	\$ 800
TOTAL LIABILITIES	<u>73,258</u>	<u>800</u>
NET ASSETS		
Net assets without donor restrictions	11,274,949	10,822,064
Net assets with donor restrictions	14,608,091	13,518,852
TOTAL NET ASSETS	<u>25,883,040</u>	<u>24,340,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,956,298</u>	<u>\$ 24,341,716</u>

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended June 30, 2023
and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
BALANCE AT JUNE 30, 2021	\$ 13,308,517	\$ 13,181,703	\$ 26,490,220.
Increase (decrease) in net assets	(1,179,518)	(969,787)	(2,149,305)
Transfers	<u>(1,306,935)</u>	<u>1,306,935</u>	<u>-</u>
BALANCE AT JUNE 30, 2022	10,822,064	13,518,852	24,340,916
Increase (decrease) in net assets	693,471	848,654	1,542,125
Transfers	<u>(240,586)</u>	<u>240,586</u>	<u>-</u>
BALANCE AT JUNE 30, 2023	<u>\$ 11,274,949</u>	<u>\$ 14,608,092</u>	<u>\$ 25,883,040</u>

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 77,056	\$ 599,910	\$ 676,965	\$ 55,561	\$ 551,423	\$ 606,983
Grant revenue		25,000	25,000	-	-	-
Investment income, net of investment advisory fees of \$23,346 in 2023 and \$25,045 in 2022	294,927	285,870	580,797	230,948	180,019	410,967
Realized gains (losses) in investments	26,757	25,935	52,692	201,575	157,123	358,698
Net unrealized gains (losses) on investments	812,364	787,413	1,599,777	(1,422,544)	(1,108,843)	(2,531,387)
Fundraising income, net of fundraising expenses of \$27,322 in 2023 and \$36,131 in 2022	7,229	7,007	14,236	13,427	10,466	23,893
Health Sciences Building contributions	-	300	300	-	4,950	4,950
Miscellaneous income	1,570	1,522	3,092	1,596	1,245	2,841
Net assets released from restrictions: Restrictions satisfied by payment of scholarships	823,584	(823,584)	-	687,939	(687,939)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	2,043,487	909,373	2,952,859	(231,498)	(891,556)	(1,123,055)
EXPENSES						
Program services:						
Donation of land	247,528	-	247,528	-	-	-
Scholarships and student support	823,584	-	823,584	687,938	-	687,938
Total program services	1,071,112	-	1,071,112	687,938	-	687,938
Support services:						
Foundation office - administrative	227,457	-	227,457	225,279	-	225,279
Grant expense	-	60,719	60,719	-	78,231	78,231
Management and professional fees	51,446	-	51,446	34,802	-	34,802
Total support services	278,903	60,719	339,622	260,081	78,231	338,312
TOTAL EXPENSES	1,350,015	60,719	1,410,734	948,019	78,231	1,026,250
INCREASE (DECREASE) IN NET ASSETS	\$ 693,471	\$ 848,654	\$ 1,542,125	\$ (1,179,518)	\$ (969,787)	\$ (2,149,305)

See accompanying notes and independent auditor's report.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,542,125	\$ (2,149,305)
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
Depreciation	48,041	35,790
Contributions restricted for long-term purposes	(180,256)	(114,680)
Net realized and unrealized (gains) losses on investments	(1,599,777)	2,531,387
Net realized and unrealized (gains) losses on investments - noncash	-	20,183
Basis in land donated	247,528	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,690)	380
(Increase) decrease in contributions receivable	(111,000)	40,000
Increase (decrease) in accounts payable	72,458	800
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	16,429	364,555
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	-
Purchase of investments	(445,767)	(722,808)
Purchase of fixed assets	(155,917)	(69,515)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(601,684)	(792,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	180,256	114,680
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	180,256	114,680
NET INCREASE (DECREASE) IN CASH	(404,999)	(313,088)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,791,401	3,104,489
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,386,402	\$ 2,791,401

SUPPLEMENTAL DISCLOSURES

Noncash investing transactions - none.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Davidson-Davie Community College Foundation, Inc. (the "Foundation") was organized on September 13, 1968 and is engaged in the granting of scholarships and other forms of support for Davidson-Davie Community College based on criteria established by the donors or the Board of Directors. The Foundation is supported primarily through donor contributions, grants, and investment earnings.

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

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. A significant portion of the contributions received by the Foundation are from donors located in the Piedmont Triad area of North Carolina.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Property and Equipment

The Foundation capitalizes equipment, land, and buildings over \$500. Lesser amounts are expensed. Purchased equipment, land, and buildings are capitalized at cost. Donations of equipment, land, and buildings are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment, land, and buildings are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired asset are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Equipment and buildings are depreciated using the straight-line method over the assets' estimated useful life.

Income Taxes

The Foundation is determined to be exempt from income taxes under Internal Revenue Code Section 501(c)(3). Annual information returns are filed as required by law. The Foundation has determined it has no uncertain income tax positions as of June 30, 2023. Also, the Foundation does not anticipate any increase or decrease in unrecognized tax benefits during the next twelve months that would result in a material change to its financial position. Information returns for years ended after June 30, 2020 remain open for examination.

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.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE B – CONTRIBUTIONS RECEIVABLE

These contributions receivable are due in the following periods. The Board has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

	2023	2022
One year or less	\$ 27,000	\$ 20,000
Over one year to five years	104,000	-
Total contributions	131,000	20,000
Less discount to present value - 4%	-	-
	\$ 131,000	\$ 20,000

NOTE C – INVESTMENT IN SECURITIES

The Foundation uses several investment companies to manage its investments. At June 30, 2023 and 2022, the following investments were held by the Foundation:

	2023		
	Cost	Net	Fair Value
		Unrealized Gains (Losses)	
Fixed income	\$ 5,876,045	\$ (243,152)	\$ 5,632,893
Equities	9,603,110	4,687,615	14,290,725
Real Estate	901,014	288,256	1,189,270
	\$ 16,380,169	\$ 4,732,719	\$ 21,112,888

	2022		
	Cost	Net	Fair Value
		Unrealized Gains (Losses)	
Fixed income	\$ 4,492,412	\$ (234,289)	\$ 4,258,123
Equities	9,321,978	3,086,305	12,408,283
Real Estate	901,014	288,256	1,189,270
	\$ 14,715,404	\$ 3,140,272	\$ 17,855,676

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE D – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

<u>June 30, 2023</u>	<u>Fair Value</u>	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 2)
Fixed Income	\$ 5,632,893	\$ 5,632,893	\$ -
Equities	14,290,725	14,290,725	-
Real Estate	1,189,270	-	1,189,270
	<u>\$ 21,112,888</u>	<u>\$ 19,923,618</u>	<u>\$ 1,189,270</u>
<u>June 30, 2022</u>			
Fixed Income	\$ 4,258,123	\$ 4,258,123	\$ -
Equities	12,408,283	12,408,283	-
Real Estate	1,189,270	-	1,189,270
	<u>\$ 17,855,676</u>	<u>\$ 16,666,406</u>	<u>\$ 1,189,270</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments (Level 1) – The carrying amount approximates fair value which is determined based on quoted market prices.

Investments (Level 2) – The carrying amount is based on observable inputs that are corroborated by market data.

	<u>Level 2 assets year ended June 30, 2023</u>
Balance at beginning of year	\$ 1,189,270
Additional investments	-
Distribution received	-
Unrealized gains/losses on beneficial interest	-
Balance at end of year	<u>\$ 1,189,270</u>

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE E – EQUIPMENT, LAND, AND BUILDINGS

Equipment, land, and buildings consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 193,900	\$ 64,000
Land	2,776,353	2,997,864
Leasehold	86,802	86,802
Buildings	<u>912,965</u>	<u>912,965</u>
	3,970,020	4,061,631
Accumulated depreciation	<u>(435,033)</u>	<u>(386,992)</u>
	<u>\$ 3,534,987</u>	<u>\$ 3,674,639</u>
Depreciation expense	<u>\$ 48,041</u>	<u>\$ 35,790</u>

NOTE F – RELATED PARTY TRANSACTIONS

A director in a CPA firm who has been engaged to perform quarterly bookkeeping services, also serves as the Foundation's treasurer. Also, a partner at this CPA firm oversees the results of the bookkeeping and investment services provided. During the years ended June 30, 2023 and 2022, the Foundation paid the CPA firm \$36,512 and \$29,802, respectively, for accounting services. No amounts were owed to the CPA firm at June 30, 2023 and 2022.

NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Total assets	\$ 25,956,298	\$ 24,341,716
Less:		
Land, buildings, and equipment	(3,534,987)	(3,674,639)
Contributions receivable, greater than one year	(104,000)	-
Donor restricted endowments	<u>(10,489,684)</u>	<u>(10,373,710)</u>
Financial assets available within one year	<u>\$ 11,827,627</u>	<u>\$ 10,293,367</u>

The Foundation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a prudent budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash for fiscal years ended June 30, 2023 and 2022.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE H – RESTRICTIONS ON NET ASSETS

Net assets with Board restrictions are available for the following purposes or periods:

	2023	2022
Quasi-endowment fund	\$ 2,135,101	\$ 2,135,101
Allocation of current income	594,250	-
	\$ 2,729,351	\$ 2,135,101

Endowment Fund

The Foundation's endowment fund was established to provide scholarships and other forms of support for students of Davidson-Davie Community College. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation in perpetuity, and income from the fund is to be expended for student scholarships, as well as general support of the Foundation. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Foundation follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The State of North Carolina enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 19, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board has determined that the majority of the Foundation's donor restricted endowment funds meet the definition of endowment funds under UPMIFA.

The Foundation has a policy of appropriating for distribution annually the endowment fund's investment income from the previous year, and the Foundation generally expends the endowment fund's investment income for Davidson-Davie Community College student scholarships and other forms of support in that year. The Foundation's current policy states endowment spending shall be calculated by taking a Board approved rate, currently 4%, of the previous fiscal year's beginning market value. The income distribution shall be determined annually, based on the Foundation's spending policy and the endowment agreement.

Under UPMIFA, the Foundation is required to practice prudent spending. The Foundation will not distribute income from an endowment fund if its principal market value is less than the historical gift value, unless otherwise directed with written consent from the donor. If there is additional income above the amount required in the annual spending plan, it will be reinvested into the endowment fund as net assets with donor restrictions or into the quasi-endowment. The Foundation Board established a quasi-

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE H – RESTRICTIONS ON NET ASSETS (continued)

endowment in prior years to further establish net assets. The quasi-endowment is currently restricted by the Board. Each year a portion of the current year's investment income is allocated to the quasi-endowment net of a one percent administrative fee. The fund's assets are invested in the same manner as those with donor restrictions.

The Foundation has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide income for student scholarships and other support. Endowment assets are invested in fixed income, equities, alternatives, and real estate. The Foundation seeks to build endowment assets through additional contributions and investment earnings. This is consistent with the Foundation's objectives to provide income for the Davidson-Davie Community College's students, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

Endowment net assets - June 30, 2021	\$ 10,093,751
Contributions	114,680
Investment return, net	(757,161)
Amounts appropriated for expenditure	(427,175)
Transfers in (out)	1,466,484
Endowment net assets - June 30, 2022	10,490,579
Contributions	180,256
Investment return, net	1,107,012
Amounts appropriated for expenditure	(429,448)
Transfers in (out)	(858,715)
Endowment net assets - June 30, 2023	\$ 10,489,684

NOTE I – NOT-FOR-PROFIT FINANCIAL STATEMENT PRESENTATION

In 2022, the Foundation adopted ASU No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The standard is intended to improve net asset classification requirements and the information presented in the financial statements and notes about a NFP's liquidity, financial performance, and cash flows.

The standard requires the Foundation to reclassify its net assets from three categories (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without donor restrictions and net assets with donor restrictions. In addition, guidance requires enhanced disclosures about governing board designations; composition of net assets with donor restrictions; the Foundation's liquidity; and expenses by both their natural and functional classification.

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE J – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits. At June 30, 2023 and 2022, the Foundation's cash and cash equivalents exceeded federally insured limits by \$1,146,579 and \$1,403,442, respectively. Of these amounts, \$260,964 and \$1,182,011, respectively, were invested in broker/dealer money market accounts.

NOTE K– IN-KIND CONTRIBUTIONS

The fair value of donated services and office space were as follows. These amounts were recorded as contributions without donor restrictions in the Statement of Activities:

	2023	2022
Office expenses	\$ 8,941	\$ 8,648
Telephone	1,601	1,601
	\$ 10,542	\$ 10,249
Allocation:		
Administration	\$ 5,271	\$ 5,125
Fundraising	1,581	1,537
Student Support	3,690	3,587
	\$ 10,542	\$ 10,249

NOTE L – ALLOCATION OF EXPENSES

Expenses by their natural classification for the year ended June 30, 2023:

	PROGRAM	SUPPORT			Total
	Scholarship and Student Support	Foundation Office - Admin	Grant Expenses	Management & Professional	
Salaries	\$ -	\$ 155,000	\$ -	\$ -	\$ 155,000
Office expenses	-	67,750	-	-	67,750
Scholarships / awards	1,071,112	-	-	-	1,071,112
Occupancy / utilities	-	4,708	-	-	4,708
Grant expenses	-	-	60,718	-	60,718
Professional fees	-	-	-	51,446	51,446
	\$ 1,071,112	\$ 227,458	\$ 60,718	\$ 51,446	\$ 1,410,734

DAVIDSON-DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE L – ALLOCATION OF EXPENSES (continued)

Expenses by their natural classification for the year ended June 30, 2022:

	PROGRAM	SUPPORT			Total
	Scholarship and Student Support	Foundation Office - Admin	Grant Expenses	Management & Professional	
Salaries	\$ -	\$ 158,445	\$ -	\$ -	\$ 158,445
Office expenses	-	58,186	-	-	58,186
Scholarships / awards	687,938	-	-	-	687,938
Occupancy / utilities	-	8,648	-	-	8,648
Grant expenses	-	-	78,231	-	78,231
Professional fees	-	-	-	34,802	34,802
	<u>\$ 687,938</u>	<u>\$ 225,279</u>	<u>\$ 78,231</u>	<u>\$ 34,802</u>	<u>\$ 1,026,250</u>

NOTE M – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 31, 2023, which is the date the financials were available to be issued.

**DAVIDSON - DAVIE COMMUNITY COLLEGE FOUNDATION, INC.
INVESTMENT ANALYSIS**

WELLS FARGO

Date	Investments (Withdrawals)	Fees	Fair Market Value	IRR Actual	IRR Annualized	% Of Portfolio
06/30/23			4,639,272			
07/31/23	-	-	4,764,657	2.70%	32.43%	21.10%
08/30/23	-	-	4,691,060	1.11%	6.66%	21.06%

FIDELITY INDEX FUNDS

Date	Investments (Withdrawals)	Fees	Fair Market Value	IRR Actual	IRR Annualized	% Of Portfolio
06/30/23			7,532,352			
07/31/23	-	-	7,812,225	3.72%	44.64%	34.60%
08/30/23	11,774	-	7,681,049	1.81%	10.86%	34.48%

FIDELITY MONEY MARKET AND CD's

Date	Investments (Withdrawals)	Fees	Fair Market Value	IRR Actual	IRR Annualized	% Of Portfolio
06/30/23			1,211,669			
07/31/23	-	-	1,222,535	0.90%	10.80%	5.41%
08/30/23	(11,774)	-	1,212,878	1.07%	6.42%	5.44%

FIDELITY BONDS

Date	Investments (Withdrawals)	Fees	Value	IRR Actual	IRR Annualized	Portfolio
06/30/23			1,394,578			
07/31/23	-	-	1,395,107	0.04%	0.48%	6.18%
08/30/23	-	-	1,386,419	-0.59%	-3.54%	6.22%

FNB

Date	Investments (Withdrawals)	Fees	Value	IRR Actual	IRR Annualized	Portfolio
06/30/23			5,145,747			
07/31/23	-	(2,060)	5,271,105	2.44%	29.28%	23.34%
08/30/23	-	(2,077)	5,191,086	0.88%	5.28%	23.30%

FRONT STREET PROPERTIES - FUND I

Date	Investments (Withdrawals)	Fees	Value	IRR Actual	IRR Annualized	Portfolio
06/30/23			724,270			
07/31/23	-	-	724,270	1.00%	12.00%	3.21%
08/30/23	(8,414)	-	724,270	2.00%	12.00%	3.25%

FRONT STREET PROPERTIES - FUND II

Date	Investments (Withdrawals)	Fees	Value	IRR Actual	IRR Annualized	Portfolio
06/30/23			465,000			
07/31/23	-	-	465,000	0.83%	10.00%	2.06%
08/30/23	-	-	465,000	1.67%	10.00%	2.09%

INVESTMENT REAL ESTATE

Date	Investments (Withdrawals)	Fees	Fair Market Value	IRR Actual	IRR Annualized	% Of Portfolio
06/30/23			926,143			
07/31/23	(4,250)	-	926,143	0.46%	5.52%	4.10%
08/30/23	(4,250)	-	926,143	0.92%	5.52%	4.16%

GRAND TOTALS

Date	Investments (Withdrawals)	Fees	Fair Market Value	IRR Actual	IRR Annualized	% Of Portfolio
06/30/23			22,039,031			
07/31/23	(4,250)	(2,060)	22,581,042	2.48%	29.76%	100.00%
08/30/23	(12,664)	(2,077)	22,277,905	1.16%	6.96%	100.00%