

**FUND FOR SOUTHERN COMMUNITIES, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

# **FUND FOR SOUTHERN COMMUNITIES, INC.**

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**BLAD & HEZLEP, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Fund for Southern Communities, Inc.  
Decatur, Georgia

We have audited the accompanying financial statements of Fund for Southern Communities, Inc. which comprise the statements of financial position, as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related summary of accounting policies and notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Fund for Southern Communities, 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**

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 Fund for Southern Communities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Management's Responsibility 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; this includes 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 Fund for Southern Communities, 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**

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, including omissions, 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 Agape Community Center, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agape Community Center, Inc.'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.



Dunwoody, Georgia  
December 14, 2023

**FUND FOR SOUTHERN COMMUNITIES, INC.**  
**Statements of Financial Position**

	<b>As of June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,401,367	\$ 1,382,239
Marketable securities	1,598,350	1,278,707
Contributions receivable	7,000	-
Prepays	3,994	3,994
<b>Total Current Assets</b>	<b>3,010,711</b>	<b>2,664,940</b>
<b>MARKETABLE SECURITIES RESTRICTED FOR ENDOWMENTS (NOTE 1)</b>	<b>816,932</b>	<b>816,932</b>
<b>MARKETABLE SECURITIES RESTRICTED FOR BOARD DESIGNATED ENDOWMENTS (NOTE 1)</b>	<b>481,556</b>	<b>471,198</b>
<b>RIGHT-OF-USE LEASE ASSET- OPERATING, NET (NOTE 2)</b>	<b>53,094</b>	
<b>DEPOSIT</b>	<b>2,100</b>	<b>2,100</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,364,393</b>	<b>\$ 3,955,170</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 67,872	\$ 23,855
Grants payable	32,000	12,821
Current portion of lease liability- operating (Note 2)	25,041	
<b>Total Current Liabilities</b>	<b>124,913</b>	<b>36,676</b>
<b>LONG-TERM LEASE LIABILITY - OPERATING (NOTE 2)</b>	<b>28,053</b>	
<b>TOTAL LIABILITIES</b>	<b>152,966</b>	<b>36,676</b>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Unrestricted	1,735,972	1,325,399
Board designated (Note 1)	481,556	471,198
<b>Total net assets without donor restrictions</b>	<b>2,217,528</b>	<b>1,796,597</b>
With donor restrictions (Note 1)		
Purpose or time	1,176,967	1,304,965
Perpetuity	816,932	816,932
<b>Total net assets with donor restrictions</b>	<b>1,993,899</b>	<b>2,121,897</b>
<b>TOTAL NET ASSETS</b>	<b>4,211,427</b>	<b>3,918,494</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,364,393</b>	<b>\$ 3,955,170</b>

See accompanying summary of accounting policies and notes to financial statements.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Statement of Activities For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 589,759	\$ 642,996	\$ 1,232,755
Interest and dividends	19,394	19,279	38,673
Gain (loss) on marketable securities	132,675	149,272	281,947
Other revenue	409	-	409
	<hr/>	<hr/>	<hr/>
<b>Total Public Support and Revenue before Transfers</b>	742,237	811,547	1,553,784
<b>Net Assets Released from Restrictions due to Satisfaction of donor-imposed requirements</b>	939,545	(939,545)	-
	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Public Support and Revenue</b>	1,681,782	(127,998)	1,553,784
	<hr/>	<hr/>	<hr/>
<b>EXPENSES:</b>			
Program	1,185,092	-	1,185,092
Management and general	38,717	-	38,717
Fundraising	37,042	-	37,042
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	1,260,851	-	1,260,851
	<hr/>	<hr/>	<hr/>
<b>Net Changes in Net Assets</b>	420,931	(127,998)	292,933
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	1,796,597	2,121,897	3,918,494
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ 2,217,528</u>	<u>\$ 1,993,899</u>	<u>\$ 4,211,427</u>

See accompanying summary of accounting policies and notes to financial statements.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Statement of Activities For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 729,181	\$ 1,810,986	2,540,167
Interest and dividends	14,517	20,122	34,639
Gain (loss) on marketable securities	(161,622)	(224,032)	(385,654)
Other revenue	<u>6,547</u>	<u>-</u>	<u>6,547</u>
<b>Total Public Support and Revenue before Transfers</b>	588,623	1,607,076	2,195,699
<b>Net Assets Released from Restrictions due to Satisfaction of donor-imposed requirements</b>	<u>2,371,284</u>	<u>(2,371,284)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<u>2,959,907</u>	<u>(764,208)</u>	<u>2,195,699</u>
<b>EXPENSES:</b>			
Program	2,387,970	-	2,387,970
Management and general	34,336	-	34,336
Fundraising	<u>29,945</u>	<u>-</u>	<u>29,945</u>
<b>Total Expenses</b>	<u>2,452,251</u>	<u>-</u>	<u>2,452,251</u>
<b>Net Changes in Net Assets</b>	507,656	(764,208)	(256,552)
<b>NET ASSETS</b>			
<b>Beginning of year</b>	<u>1,288,941</u>	<u>2,886,105</u>	<u>4,175,046</u>
<b>End of year</b>	<u><u>\$ 1,796,597</u></u>	<u><u>\$ 2,121,897</u></u>	<u><u>\$ 3,918,494</u></u>

See accompanying summary of accounting policies and notes to financial statements.

**FUND FOR SOUTHERN COMMUNITIES, INC.****Statement of Functional Expenses****For the Year Ended June 30, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 99,253	\$ 23,616	\$ 29,520	\$ 152,389
Outside Services	2,329	9,184	2	11,515
Office Related	2,640	628	785	4,053
Occupancy	17,195	4,092	5,114	26,401
Travel	1,462	-	-	1,462
Insurance	1,727	411	514	2,652
Telecommunications	1,191	283	354	1,828
Grantmaking	1,057,173	-	-	1,057,173
Other	2,122	503	753	3,378
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,185,092</u>	<u>\$ 38,717</u>	<u>\$ 37,042</u>	<u>\$ 1,260,851</u>

See accompanying summary of accounting policies and notes to financial statements.



**FUND FOR SOUTHERN COMMUNITIES, INC.****Statement of Functional Expenses****For the Year Ended June 30, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 110,268	\$ 18,755	\$ 23,394	\$ 152,417
Outside Services	22	9,730	5	9,757
Office Related	136	23	29	188
Occupancy	19,099	3,249	4,052	26,400
Travel	3,489	-	-	3,489
Insurance	2,249	383	477	3,109
Supplies	1,024	174	217	1,415
Telecommunications	1,291	220	274	1,785
Grantmaking	2,243,832	-	-	2,243,832
Other	6,534	1,798	1,491	9,823
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 2,387,970</u>	<u>\$ 34,336</u>	<u>\$ 29,945</u>	<u>\$ 2,452,251</u>

See accompanying summary of accounting policies and notes to financial statements.

**FUND FOR SOUTHERN COMMUNITIES, INC.**  
**Statements of Cash Flows**

	<b>For the Year Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes In net assets	\$ 292,933	\$ (256,552)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Noncash portion of lease expense for operating lease	25,249	
Repayment of lease liability for operating lease	(25,249)	
Unrealized loss (gain) on investments	(283,828)	500,413
(Increase) decrease in accounts receivable	(7,000)	500,000
Increase (decrease) in accounts payable and accruals	44,017	2,055
Increase (decrease) in grants payable	19,179	(237,179)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>65,301</b>	<b>508,737</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Marketable securities proceeds (purchases)	(46,173)	(162,535)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(46,173)</b>	<b>(162,535)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>19,128</b>	<b>346,202</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	1,382,239	1,036,037
End of year	<u>\$ 1,401,367</u>	<u>\$ 1,382,239</u>

See accompanying summary of accounting policies and notes to financial statements.

# **FUND FOR SOUTHERN COMMUNITIES, INC.**

## **Summary of Accounting Policies**

### **ORGANIZATION**

The Fund for Southern Communities, Inc., (the "Organization"), is a Georgia non-profit corporation. The Organization provides financial support and technical assistance to grassroots organizations working for social and economic justice in North Carolina, South Carolina, and Georgia.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

### **BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets, revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

*Net assets without donor restrictions* are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in furniture and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

### **USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional allocation of expense.

### **INCOME TAXES**

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2023 and 2022, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, a taxing authority has three years to examine a tax return from the later of the filing date or extended due date.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Summary of Accounting Policies

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and money market accounts with a maturity of three months or less. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

### MARKETABLE SECURITIES

Marketable securities are recorded at fair value with gains and losses reported in the statement of activities. The balance of marketable securities may, at times, exceed federally insured limits. Management believes it is not exposed to any significant credit risk on these accounts. For the years ended June 30, 2023 and 2022, interest and dividends revenue are net of investment management fees of \$17,484 and \$19,926, respectively.

### FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value for marketable securities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, generally accepted accounting principles established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Other significant observable inputs not quoted on active markets, but corroborated by market data
- Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to fair value of the underlying assets

The value on a recurring basis as of June 30, 2023, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Publicly traded securities	\$2,896,838	\$2,896,838	\$ -	\$ -

The value on a recurring basis as of June 30, 2022, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Publicly traded securities	\$2,566,837	\$2,566,837	\$ -	\$ -

# **FUND FOR SOUTHERN COMMUNITIES, INC.**

## **Summary of Accounting Policies**

### **CONTRIBUTIONS RECEIVABLE**

Contributions receivables are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions with payment dates in future periods, restricted by the donor for specific purposes or designated for future periods are reported as revenue with donor restrictions that increases that net asset class. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. Management considers all accounts collectible as of June 30, 2023 and 2022.

### **PROPERTY AND EQUIPMENT**

Property and equipment purchase over \$1,500 are stated at cost. Depreciation is computed over the estimated useful lives (3-7 years) of the assets using the straight-line method. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

### **REVENUE AND EXPENSES**

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are placed into service.

The Organization recognizes revenue from contracts in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the five-step approach. Revenues are recognized at a point in time.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the accompanying statements of activities, determined by use of the facilities, level of support effort, and relative program and supporting program benefited. Accordingly, certain costs have been allocated among the program services and the supporting activities benefited.

# **FUND FOR SOUTHERN COMMUNITIES, INC.**

## **Summary of Accounting Policies**

### **CONCENTRATIONS**

During the year ended June 30, 2023, the Organization received contributions from three sources representing 84% of total revenues. During the year ended June 30, 2022, the Organization received contributions from one source representing 80% of total revenues

### **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

### **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT**

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Organization elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, January 1, 2022, in lieu of applying the standard retrospectively to January 1, 2021. Additionally, as part of the implementation, the Organization elected to use a package of optional practical expedients which permit the Organization to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. GAAP are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

Leases recognized under the new standard were leases that were not capitalized under previous U.S. Generally Accepted Accounting Principles (U.S. GAAP).

On July 1, 2022, the Organization recorded on the statement of financial position a right-of-use asset in the amount of \$77,343 and lease obligation for operating leases in the amount of \$77,343.

The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the income statement, the categorization of assets and liabilities in the balance sheet, and classification of cash flows in the statement of cash flows.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Summary of Accounting Policies

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT-continued

Total lease cost consists of two components; amortization expense related to the write-off of right-of-use assets, and interest expense from lease obligations.

For financing leases, total lease cost is recorded on an accelerated basis whereby interest expense is recorded using the effective interest method and right-of-use assets are amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Non-lease components, such as common area maintenance (CAM) charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease and are recorded as lease expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because the Organization generally does not have access to the rate implicit in each lease, lease obligations are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The Organization has made the election to use the United States Treasury instrument rate as its risk-free incremental borrowing rate. The discount rate used to measure its lease is 2%.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date. The right-of-use asset is amortized over the lease term using the straight-line method. No additional leases were capitalized in fiscal year June 30, 2023.

In September 2020, the FASB issued a new accounting standard, ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets* (Topic 958). The new guidance requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities, separate from contributions of cash or other financial assets. The standard also requires increased disclosure requirements related to contributed nonfinancial assets. The provisions of the new standard did not have a material impact on the financial statements of the Organization aside from increased disclosure.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Notes to Financial Statements

### NOTE 1 – RESTRICTED AND BOARD DESIGNATED NET ASSETS

Board designated funds represent funds designated by the Organization's Board of Directors for a \$378,459 general endowment fund and the balance for an endowment fund to be used for grant making.

As of June 30, 2023 and 2022, net assets restricted in perpetuity reflect assets in endowment funds. The Organization's endowment investment policy is to primarily invest in money market funds and publicly traded equity and debt instruments. The endowment investments are commingled with the Organization's other investments and not segregated. During the year ended June 30, 2015, the Organization received \$621,541 to start a new general endowment fund. The remaining two endowment funds provide for a fixed percentage of either the value or investment income of the funds to be used primarily for grant making. The Organization has the ability to elect to not expend any amounts during a fiscal year. All endowment funds permit the Organization to use a calculated amount for offset against administrative expenses plus a deduction for allocated investment management fees. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted by the State of Georgia. The Board of the Organization has reviewed UPMIFA and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The following is the activity of the endowments.

	Principal	Accumulated Earnings	Total
Balance as of June 30, 2021	\$ 816,932	\$ 885,365	\$ 1,702,297
Grants	-	-	-
Contributions	-	-	-
Interest and dividends	-	19,506	19,506
Gain (loss) on marketable securities	-	(217,170)	(217,170)
Balance as of June 30, 2022	816,932	687,701	1,504,633
Grants	-	-	-
Contributions	-	-	-
Interest and dividends	-	18,056	18,056
Gain (loss) on marketable securities	-	139,801	139,801
Balance as of June 30, 2023	\$ 816,932	\$ 845,558	\$ 1,662,490



# FUND FOR SOUTHERN COMMUNITIES, INC.

## Notes to Financial Statements

### NOTE 1 – RESTRICTED AND BOARD DESIGNATED NET ASSETS, concluded

Net assets restricted by purpose or time consist of amounts in cash and marketable securities with the following restrictions:

	As of June 30,	
	2023	2022
Donor-advised funds	\$ 113,904	\$ 113,208
Grant assistance and sponsored projects	21,242	376,451
Triangle Endow. grant making-accum earnings	144,120	119,225
Black Belt/Anchor	36,361	-
Casey-grants	75,846	51,854
Triangle accumulated earnings	197,756	177,841
General endowment accum. earnings	503,682	390,635
COVID grant making	24,061	24,061
Certain programs/grant making	59,995	51,690
	<u>\$ 1,176,967</u>	<u>\$ 1,304,965</u>

Certain Donor-Advised Funds and Sponsored Projects provide for the Organization to receive an "administrative fee" based on either a percentage of investment income or the value of unexpended amounts. This "administrative fee" is used to offset the administrative costs associated with managing and disbursing the related funds. Donor-Advised Funds and Sponsored Projects are under the control of the Organization and are included in the Organization's assets. Therefore, the "administrative fee" is reflected as a decrease in temporarily restricted net assets, however the amount is not reflected in the Organization's public revenue before transfers.

### NOTE 2 – COMMITMENTS

The Organization holds a long-term lease. The lease relates to the Organization's primary office space in Atlanta under an operating lease that extends through July 2025.

For the year ended June 30, 2023 and 2022, total operating lease expense for this lease and other related costs was approximately \$26,400 per year.

# FUND FOR SOUTHERN COMMUNITIES, INC.

## Notes to Financial Statements

### NOTE 2 – COMMITMENTS, concluded

In accordance with the newly adopted lease policy described above, the right-of-use asset and lease liability related to the operating lease were as follows as of June 30, 2023:

	Operating <u>Leases</u>
Right-of-use asset:	
Cost	\$ 77,343
Less: Accumulated amortization	<u>(24,249)</u>
	<u>\$ 53,094</u>
Lease liability:	
Current portion	\$ 25,041
Long-term portion	<u>28,053</u>
	<u>\$ 53,094</u>

A summary of the future lease payments for the operating lease, reconciled to the lease liability, is as follows as of June 30, 2023:

<u>Year</u>	Operating <u>Leases</u>
2024	\$ 26,400
2025	26,400
2026	<u>2,200</u>
Total future lease payments	55,000
Less: effects of discounting	<u>(1,906)</u>
Lease liability	53,094
Less: current portion	<u>(25,041)</u>
Long-term lease liability	<u>\$ 28,053</u>

### NOTE 3 – CONTINGENCIES

Grants and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

# **FUND FOR SOUTHERN COMMUNITIES, INC.**

## **Notes to Financial Statements**

### **NOTE 4 – PENSION PLAN**

The Organization has a Tax Deferred Annuity plan, as defined under Section 403(b) of the Internal Revenue Code. The employee can make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization makes discretionary contributions to the plan up to six percent of the employee's compensation. The plan is underwritten and maintained by an outside party. During the years ended June 30, 2023 and 2022, the Organization contributed \$11,400 and \$0, respectively, to the plan.

### **NOTE 5 – LIQUIDITY**

The Organization has \$3,006,717 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$1,401,367, marketable securities of \$1,598,350 and receivables of \$7,000. Included in these financial assets are a total amount of \$1,176,967 with donor-imposed restrictions that are available to be used in the next year. Receivables are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents to meet short term normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.