



Leadership Palm Beach County, Inc.

Financial Statements

June 30, 2023 and 2022

Table of Contents

Independent Auditors' Report..... 1 – 2

Financial Statements:

Statements of Financial Position 3

Statements of Activities and Changes in Net Assets 4

Statements of Functional Expenses..... 5 - 6

Statements of Cash Flows 7

Notes to Financial Statements..... 8 – 14

Independent Auditors' Report

To the Board of Directors
Leadership Palm Beach County, Inc.
West Palm Beach, Florida

Opinion

We have audited the financial statements of Leadership Palm Beach County, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Prior Period Financial Statements

The financial statements of Leadership Palm Beach County, Inc. as of June 30, 2022 were audited by other auditors whose report dated April 14, 2023 expressed an unmodified opinion on those statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Continued from previous page

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 Organization'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 Organization'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.

Ricciardella CPA, PLLC

Ricciardella CPA, PLLC
Palm Beach Gardens, Florida
July 17, 2024

Leadership Palm Beach County, Inc.
Statements of Financial Position
June 30, 2023 and 2022

ASSETS

	2023	2022
Current assets:		
Cash	\$ 123,811	\$ 427,604
Certificates of deposit	400,000	-
Accounts receivable, net	35,237	36,955
Prepaid expenses	7,846	12,773
Total current assets	566,894	477,332
Property and equipment, net	2,818	1,388
Other assets:		
Investments, held in trust by others	29,275	31,712
Total other assets	29,275	31,712
Total assets	\$ 598,987	\$ 510,432

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 70,771	\$ 52,226
Prepaid tuition dues	58,960	74,236
Total current liabilities	129,731	126,462
Total liabilities	129,731	126,462
Net assets:		
Without donor restriction	439,981	351,532
With donor restriction	29,275	32,438
Total net assets	469,256	383,970
Total liabilities and net assets	\$ 598,987	\$ 510,432

See accompanying notes to financial statements.

Leadership Palm Beach County, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without	With	Total	Without	With	Total
	Donor Restriction	Donor Restriction		Donor Restriction	Donor Restriction	
Support and revenue:						
Tuition and related fees	\$ 162,685	\$ -	\$ 162,685	\$ 138,506	\$ -	\$ 138,506
Contributions	243,118	-	243,118	212,794	-	212,794
In-kind contributions	3,000	-	3,000	-	-	-
Special events	4,340	-	4,340	10,230	-	10,230
Alumni dues	80,976	-	80,976	66,225	-	66,225
Ticket sales	100,410	-	100,410	77,320	-	77,320
Other revenue	16,723	-	16,723	16,336	-	16,336
Employee retention credits	67,433	-	67,433	-	-	-
Paycheck protection program loan forgiveness	-	-	-	37,150	-	37,150
Grants	10,000	-	10,000	10,000	-	10,000
Net investment loss	-	(2,437)	(2,437)	-	(1,904)	(1,904)
Interest income	348	-	348	32	-	32
Net assets released from restriction	726	(726)	-	-	-	-
Total support and revenue	<u>689,759</u>	<u>(3,163)</u>	<u>686,596</u>	<u>568,593</u>	<u>(1,904)</u>	<u>566,689</u>
Expenses:						
Program services	415,056	-	415,056	395,140	-	395,140
Management and general	186,254	-	186,254	136,000	-	136,000
Fundraising	-	-	-	-	-	-
Total expenses	<u>601,310</u>	<u>-</u>	<u>601,310</u>	<u>531,140</u>	<u>-</u>	<u>531,140</u>
Change in net assets	88,449	(3,163)	85,286	37,453	(1,904)	35,549
Net assets at beginning of year	<u>351,532</u>	<u>32,438</u>	<u>383,970</u>	<u>314,079</u>	<u>34,342</u>	<u>348,421</u>
Net assets at end of year	<u>\$ 439,981</u>	<u>\$ 29,275</u>	<u>\$ 469,256</u>	<u>\$ 351,532</u>	<u>\$ 32,438</u>	<u>\$ 383,970</u>

See accompanying notes to financial statements.

Leadership Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll wages	\$ 190,931	\$ 63,644	\$ -	\$ 254,575
Food and beverage	113,640	2,351	-	115,991
Venue rentals	-	39,816	-	39,816
Professional fees	-	39,050	-	39,050
Transportation	23,925	2,068	-	25,993
Scholarships	24,500	-	-	24,500
Entertainment	21,501	-	-	21,501
Payroll taxes	14,401	4,800	-	19,201
Bank fees	-	11,818	-	11,818
Office	7,080	2,614	-	9,694
Equipment rental and maintenance	3,900	4,129	-	8,029
Computer	-	5,584	-	5,584
Miscellaneous	5,197	232	-	5,429
Printing and postage	3,580	1,268	-	4,848
Telephone	3,231	1,032	-	4,263
Community events	2,820	-	-	2,820
Internet	-	2,791	-	2,791
Insurance	-	2,489	-	2,489
Dues and subscriptions	350	2,120	-	2,470
Depreciation	-	448	-	448
Total expenses	<u>\$ 415,056</u>	<u>\$ 186,254</u>	<u>\$ -</u>	<u>\$ 601,310</u>

See accompanying notes to financial statements.

Leadership Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll wages	\$ 171,574	\$ 54,553	\$ -	\$ 226,127
Food and beverage	111,211	1,652	-	112,863
Professional fees	3,700	35,479	-	39,179
Venue rentals	27,914	-	-	27,914
Transportation	24,470	2,628	-	27,098
Scholarships	19,075	-	-	19,075
Payroll taxes	13,372	4,457	-	17,829
Bank fees	-	10,121	-	10,121
Entertainment	9,847	-	-	9,847
Office	7,657	1,836	-	9,493
Equipment rental and maintenance	3,400	3,411	-	6,811
Dues and subscriptions	-	4,920	-	4,920
Computer	-	4,327	-	4,327
Insurance	-	3,183	-	3,183
Internet	-	2,637	-	2,637
Community events	-	2,344	-	2,344
Miscellaneous	-	1,935	-	1,935
Printing and postage	229	1,427	-	1,656
Health benefits	630	747	-	1,377
Communication and marketing	1,300	-	-	1,300
Telephone	761	244	-	1,005
Depreciation	-	99	-	99
Total expenses	<u>\$ 395,140</u>	<u>\$ 136,000</u>	<u>\$ -</u>	<u>\$ 531,140</u>

See accompanying notes to financial statements.

Leadership Palm Beach County, Inc.
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	\$ 85,286	\$ 35,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck protection loan forgiveness	-	(37,150)
Depreciation	448	99
Realized and unrealized losses	2,437	1,904
Changes in operating assets and liabilities:		
Accounts receivable	1,718	(9,859)
Prepaid expenses	4,927	1,575
Accounts payable and accrued expenses	18,545	14,324
Prepaid tuition and dues	(15,276)	11,161
Net cash provided by operating activities	<u>98,085</u>	<u>17,603</u>
Cash flows from investing activities:		
Purchases of certificates of deposit	(400,000)	-
Purchases of property and equipment	(1,878)	(1,487)
Net cash used in investing activities	<u>(401,878)</u>	<u>(1,487)</u>
Cash flows from financing activities:	-	-
Net (decrease) increase in cash	<u>(303,793)</u>	<u>16,116</u>
Cash, beginning of year	<u>427,604</u>	<u>411,488</u>
Cash, end of year	<u>\$ 123,811</u>	<u>\$ 427,604</u>

See accompanying notes to financial statements.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 1 – Nature of Organization

Leadership Palm Beach County, Inc. (the “Organization”) was established in 1983 with a mission of training, building, advancing and recognizing leaders in the community. Its purpose is to expose a select group of persons residing or working in Palm Beach County, Florida to the social, economic and political issues facing the county in order to stimulate and maintain interest. The Organization is supported by tuition for its leadership programs, alumni dues and contributions.

The Organization’s key programs and services are:

Leadership Aspire

Leadership Aspire is a program offered by the Organization based on a community needs assessment. The Leadership Aspire program will further the Organization’s mission to educate and unite leaders to build a better community by creating a pipeline for leaders in the community. The program consists of quarterly 4-hour workshops presented on themes including behaviors of a leader, strategic planning, managing change, and leadership competencies. Workshops need to focus on leadership training and include aspects for the individual (self-awareness/self-management), team (as a team member and team leader), and manager for the up and coming leader.

Leadership Engage

The Leadership Engage Program is a comprehensive, nine-month exploration of Palm Beach County’s leading industries and most pressing issues. Participants meet for one full day each month and complete a Civic Engagement project. Admission to the program is competitive, and applications are due in April of each year.

Leadership Focus

Leadership Focus is a 2 ½ day intensive workshop designed for professionals who are new to Palm Beach County or whose schedules do not permit them to participate in the year-long Leadership Engage Program. Registration for Leadership Focus opens in August of each year. The program takes place in January of each year.

Grow Youth Program

The Organization conducts a program to develop the leadership skills of approximately fifty (50) Palm Beach County high school students. The free-of-charge class consists of seven (7) full day sessions and a one-day retreat aimed at informing participants about Palm Beach County. The program also provides scholarship awards to selected individuals.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*.

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

Net assets with donor restriction: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the accompanying statements of activities and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents. As of June 30, 2023 and 2022, the Organization did not have any cash equivalents.

Certificates of Deposit

The Organization has certificates of deposit with various financial institutions that have original maturities ranging from six (6) to twelve (12) months. The Organization records the certificates of deposit at cost which approximates market value.

Contributions and Program Revenue

Contributions received are recorded as revenue without donor restricted net assets or with donor restricted net assets depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restriction expires in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Membership dues are recognized as revenue in the fiscal year to which the dues apply. Special events revenue is recognized at the time of the special event. Grant contract revenue is recognized when the requirements under the grant have been fulfilled. Prepaid tuition and dues are payments received in one fiscal year for classes to be held in the subsequent year.

In-kind Contributions

Contributed services and materials are reflected in the financial statements at their estimated fair value at the date of receipt. Contributed services are recognized as contributions if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Contributed services from individual volunteers performing a variety of tasks that do not require specialized skills to assist the Organization in carrying out its mission are not recognized in the financial statements. During the year ended June 30, 2023, the Organization received donated materials and services related to printing and postage for \$3,000. During the year ended June 30, 2022, the Organization did not receive any donated services and materials.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Accounts Receivable

Receivables are stated at the amount of the uncollected balance less an allowance for doubtful accounts, if considered necessary. Management periodically evaluates the adequacy of the allowance based on past experience, and adverse situations that may affect the member's ability to pay. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized as revenue when received. The allowance for doubtful accounts was \$5,230 and \$5,384 as of June 30, 2023 and 2022, respectively.

Investments

The Organization reports investments at fair value. Net investment return (loss) consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment return (loss) is reported in the statements of activities and changes in net assets as a change in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions.

Property and Equipment

Property and equipment over \$1,000 is capitalized at cost, if purchased, or, if acquired by contribution, at the estimated fair value on the date of contribution. The Organization provides for depreciation on property and equipment over the useful lives of the related depreciable assets using the straight-line method. Useful lives are summarized as follows:

Office equipment	3 - 5 years
Headsets and sound system	5 years
Computer	3 years

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Advertising

Advertising and marketing costs are expensed as incurred and amounted to \$2,820 and \$2,344 for the years ended June 30, 2023 and 2022, respectively.

Fair Value of Financial Instruments

The FASB ASC 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. The Organization estimates that the fair value of all financial instruments as of June 30, 2023 and 2022, respectively, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, general and administrative and fundraising based on management's analysis of these costs.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Date of Management's Review

Management has evaluated events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through July 17, 2024 which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available within one (1) year to meet cash needs for general expenditures, without donor or other restrictions limiting their use, consisted of the following as of June 30, 2023:

Financial assets:		
Cash	\$	123,811
Certificates of deposit		400,000
Accounts receivable, net		<u>35,237</u>
Financial assets available for general expenditure	\$	<u><u>559,048</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Property and Equipment

Property and equipment, net consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 15,546	\$ 13,668
Headset and sound equipment	9,039	9,039
Computer	<u>26,776</u>	<u>26,776</u>
Total cost	51,361	49,483
Less: accumulated depreciation	<u>(48,543)</u>	<u>(48,095)</u>
Total property and equipment, net	<u><u>\$ 2,818</u></u>	<u><u>\$ 1,388</u></u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$448 and \$99, respectively.

Note 5 – Paycheck Protection Program Loan

During March 2021, the Organization was granted a loan from a financial institution pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, for the aggregate amount of \$37,150. Under the terms of the loan, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On November 5, 2021, the Organization received official notice from the Small Business Administration for the full forgiveness of the outstanding PPP loan balance totaling \$37,150.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 6 – Contingency

Geographic Concentration

The Organization operates exclusively in Palm Beach County, Florida, and is subject, to some extent, to economic conditions and fluctuations in that geographic area. Accounts receivable as of June 30, 2023 and 2022 are due from donors, alumni and/or current class members of the Organization's programs.

Note 7 – Net Assets with Donor Restriction

Net assets with donor restriction consist of the following as of June 30:

	2023	2022
Purpose restrictions:		
Endowment, earnings	\$ 4,275	\$ 7,438
Perpetuity restrictions		
Endowment, contributed principal	25,000	25,000
	\$ 29,275	\$ 32,438

Note 8 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.
- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 8 – Fair Value Measurements, continued

The following section describes the valuation methodologies the Organization uses to measure its assets at fair value.

- Assets held in trust: Valued by The Community Foundation for Palm Beach and Martin Counties (the “Foundation”) based on the Organization’s proportionate share of the underlying fair value of the Foundation’s portfolio of investments. The fair value of the underlying securities in the Foundation’s portfolio is not observable.

Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Assets held in trust	\$ -	\$ -	\$ 29,275	\$ 29,275

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Assets held in trust	\$ -	\$ -	\$ 31,712	\$ 31,712

Note 9 – Funds Held in Trust by Others

The Organization has a charitable endowment fund known as the Leadership Palm Beach County Endowment Fund (“LPBC Fund”) with the Community Foundation for Palm Beach and Martin Counties (the “Foundation”). The earnings of the LPBC Fund have been restricted for the benefit of the Organization. Assets contributed to the Foundation for the benefit of the Organization are recorded as assets of the Organization. These “agency restricted funds” are pooled with the other assets of the Foundation for investment purposes.

The Organization’s initial contribution of \$25,000 was matched with a \$25,000 grant from the Foundation and is not available for distribution and may not be removed from the LPBC Fund.

The changes in the Organization’s endowment net assets were as follows for the years ended June 30:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 31,712	\$ 31,712
Net investment loss	-	(2,437)	(2,437)
Endowment net assets, end of year	\$ -	\$ 29,275	\$ 29,275

Leadership Palm Beach County, Inc.
Notes to Financial Statements

Note 9 – Funds Held in Trust by Others, continued

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 33,616	\$ 33,616
Net investment loss	-	(1,904)	(1,904)
Endowment net assets, end of year	\$ -	\$ 31,712	\$ 31,712

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. As of June 30, 2023 and 2022, respectively, there were no deficiencies of this nature.

Return Objectives and Risk Parameters

The Funds shall be invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five years or longer.

Interpretation of Relevant Law

Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization following the donor’s intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1) The purposes of the Organization and the donor-restricted endowment fund;
- 2) General economic conditions;
- 3) The possible effect of inflation and deflation;
- 4) The expected total return from income and the appreciation of investments;
- 5) Other resources of the Organization; and
- 6) The investment policies of the Organization.

Spending Policy

All distributions from the LPBC Fund shall be in accordance with the Community Foundation’s spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment contributed principal. The endowment principal is the sum of the value of the initial contribution establishing the LPBC Fund by the Organization and Community Foundation plus all subsequent contributions to the LPBC Fund.

Note 10 – Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief and Economic Security Act, the employee retention credit (“ERC”) was created by Congress and made available to eligible organizations as a refundable payroll tax credit to encourage employers to keep their employees on payroll during the coronavirus pandemic. During the years ended June 30, 2023 and 2022, the Organization received \$67,433 and \$0, respectively of ERC cash refundable payroll tax credits which was included in the statements of activities and changes in net assets.