

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

LUBBOCK, TEXAS

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE TOTALS FOR 2023**

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

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**FOR THE YEAR ENDED DECEMBER 31, 2024
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TABLE OF CONTENTS

	Page <u>No.</u>
FINANCIAL SECTION	
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6

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Independent Auditor's Report

Board of Directors
Community Foundation of West Texas, Inc.
Lubbock, Texas

Opinion

We have audited the accompanying financial statements of Community Foundation of West Texas, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of West Texas, Inc. (the Foundation) as of December 31, 2024, and the changes in 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

July 16, 2025

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
WITH COMPARATIVE TOTALS FOR 2023

ASSETS

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	December 31,	
			2024	2023
Cash and Cash Equivalents	\$ 1,215,060	\$ 900,370	\$ 2,115,430	\$ 1,515,668
Certificates of Deposit	1,309,208		1,309,208	1,245,946
Accounts Receivable	6,425		6,425	7,977
Notes Receivable	1,750,000		1,750,000	1,750,000
Investments - Marketable Securities	71,488,360		71,488,360	65,374,148
Fixed Assets at Cost Less Accumulated Depreciation of \$341,278 in 2024 and \$312,599 in 2023	433,695		433,695	462,375
Total Assets	<u>\$ 76,202,748</u>	<u>\$ 900,370</u>	<u>\$ 77,103,118</u>	<u>\$ 70,356,114</u>

LIABILITIES AND NET ASSETS

Liabilities				
Funds Held as Agency Endowments	\$ 3,985,383	\$	\$ 3,985,383	\$ 3,550,744
Accounts Payable	25,000		25,000	
Accrued Vacation	26,749		26,749	25,527
Other Liabilities	9,995		9,995	6,995
Total Liabilities	<u>\$ 4,047,127</u>	<u>\$ 0</u>	<u>\$ 4,047,127</u>	<u>\$ 3,583,266</u>
Net Assets				
Net Assets without Donor Restrictions				
Available for General Use	\$ 71,721,926	\$	\$ 71,721,926	\$ 65,966,707
Equity in Fixed Assets	433,695		433,695	462,375
Net Assets with Donor Restrictions		900,370	900,370	343,766
	<u>\$ 72,155,621</u>	<u>\$ 900,370</u>	<u>\$ 73,055,991</u>	<u>\$ 66,772,848</u>
Total Liabilities and Net Assets	<u>\$ 76,202,748</u>	<u>\$ 900,370</u>	<u>\$ 77,103,118</u>	<u>\$ 70,356,114</u>

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE TOTALS FOR 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	December 31,	
			2024	2023
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 2,819,775	\$ 545,200	\$ 3,364,975	\$ 3,935,117
Interest and Dividend Income	1,771,887	27,551	1,799,438	1,550,973
Investments Realized Net Gains	3,815,841		3,815,841	1,133,347
Investments Unrealized Net Gains	2,266,986		2,266,986	6,457,265
Grants	3,995		3,995	2,995
Other Income	153,393		153,393	308,214
Total	\$ 10,831,877	\$ 572,751	\$ 11,404,628	\$ 13,387,911
Net Assets Released from Restrictions	\$ 16,147	\$ (16,147)	\$	\$
Total Revenue, Gains, and Other Support	\$ 10,848,024	\$ 556,604	\$ 11,404,628	\$ 13,387,911
EXPENSES				
Grants and Scholarships	\$ 3,481,495	\$	\$ 3,481,495	\$ 3,612,965
Other Program Expenses	863,887		863,887	735,918
Fundraising	446,652		446,652	399,963
Administrative and General	329,451		329,451	274,092
Total Expenses	\$ 5,121,485	\$ 0	\$ 5,121,485	\$ 5,022,938
CHANGE IN NET ASSETS	\$ 5,726,539	\$ 556,604	\$ 6,283,143	\$ 8,364,973
NET ASSETS AT BEGINNING OF YEAR	66,429,082	343,766	66,772,848	58,407,875
NET ASSETS AT END OF YEAR	\$ 72,155,621	\$ 900,370	\$ 73,055,991	\$ 66,772,848

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE TOTALS FOR 2023

	December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,283,143	\$ 8,364,973
Adjustments to Reconcile Change in Net Assets to Net		
Cash From Operating Activities		
Net Unrealized Gain on Investments	(2,266,986)	(6,457,265)
Depreciation	28,680	29,180
Change in Assets	1,552	154
Change in Liabilities	438,861	632,233
Net Cash From Operating Activities	\$ 4,485,250	\$ 2,569,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	\$ (21,012,292)	\$ (14,612,001)
Proceeds from Sale of Investments	17,126,804	12,350,022
Net Cash From Investing Activities	\$ (3,885,488)	\$ (2,261,979)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 599,762	\$ 307,296
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,515,668	1,208,372
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,115,430	\$ 1,515,668

See accompanying notes to financial statements.

-6-
COMMUNITY FOUNDATION OF WEST TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Community Foundation of West Texas, Inc. (the Foundation) was incorporated October 14, 1980, as a nonprofit, charitable organization exempt from federal income taxes under Internal Revenue Code 501(c)(3). Community Foundation of West Texas, Inc. formerly known as Lubbock Area Foundation, changed names in September of 2015. The purpose of the Foundation is to receive and accept funds and property to be administered exclusively for charitable purposes primarily in and for the South Plains community.

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.

Uncertain Tax Positions

The Foundation has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Foundation is its filing status as a tax exempt entity. The Foundation determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authorities. The Foundation is no longer subject to examinations by federal taxing authorities for years before 2021. The Foundation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the year ended December 31, 2024.

Financial Statement Presentation

The Foundation is required to classify net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. For year ended December 31, 2024, net assets with donor restrictions was \$900,370.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on a direct usage when it is reasonably efficient.

Fair Value Investments

The Foundation follows generally accepted financial accounting standards which provide a framework for measuring fair value under GAAP. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

These levels, defined by the valuation techniques are described below:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

See Note 2 for a detail of Endowment Investments and their fair value.

In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation for the year is reflected in the statement of activities. Income from investments is recorded as earned on an accrual basis. Investments are made according to the Investment Policy adopted by the Foundation's Board of Directors.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

-8-
COMMUNITY FOUNDATION OF WEST TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

Spending Policy

The Foundation adopted a spending policy for invested contributions received. Unless the donor specifically states otherwise, annual distribution is to be based on a percentage (presently established at five percent in 2024 and five percent in 2023) of the average market value of the invested contributions.

Grants

Grants are recorded when they are approved by the Board of Directors for payment.

Donated Services

A portion of the Foundation's functions is conducted by board members and unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements because the criterion for recognition has not been met.

Reclassifications

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

2. Investments

The Foundation's Endowment Funds consist of long-term investments in equity and fixed income securities. The assets are held substantially by Merrill Lynch Investment Group and other custodian banks. The Investment Group advises and invests the funds. Overseeing these investments are the Foundation's Board of Directors, the Investment Committee, and the President. These investments are recorded at their fair market value.

Values in the investments at December 31, 2024 consist of the following:

	Cost	Fair Value	Investment Level
Short Term Investments	\$ 3,201,315	\$ 3,201,315	1
Corporate Stocks	33,253,971	45,650,801	1
U.S. Governmental Agency Obligations	6,454,223	5,911,551	2
Mutual Funds - Equities	11,706,082	12,630,261	1
Mutual Funds - Fixed Income	185,953	164,840	1
Corporate Bonds	4,118,401	3,929,592	2
	<u>\$ 58,919,945</u>	<u>\$ 71,488,360</u>	

Realized and unrealized investment gains or losses are determined by comparison of asset cost to net proceeds received at the time of disposal and changes in the difference between fair values and cost, respectively. Realized and unrealized gains and losses are presented separately in the statement of activities.

-9-
COMMUNITY FOUNDATION OF WEST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS

The change in fair value for the year ended December 31, 2024 for investments still held on those dates is as follows:

Net Appreciation in Fair Value	\$ <u>2,266,986</u>
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3. Fixed Assets

Fixed assets are recorded at cost or the fair value of the gift if donated. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at an annual rate of 5% to 33%. Depreciation expense for the year ended December 31, 2024 was \$28,680.

The following represents the detail of fixed assets for the year ended December 31, 2024:

	Original Cost	Accumulated Depreciation	Book Value
Land	\$ 131,691	\$	\$ 131,691
Buildings	565,033	263,029	302,004
Office Furniture & Equipment	78,249	78,249	
	<u>\$ 774,973</u>	<u>\$ 341,278</u>	<u>\$ 433,695</u>

4. Notes Receivable

During the year ended December 31, 2018, the Foundation entered into an agreement with McDougal Family Partnership Fund for notes receivable in the amount of \$1,750,000. The Foundation will receive quarterly interest only payments for the first 10 years at a rate of 6.00% and a 2.00% management fee annually. Amounts received for the year ended December 31, 2024 was \$105,000.

5. Pension Benefits

The Foundation provides a defined contribution plan pension benefit to its employees through an IRC Section 403(b) contract. The cost to the Foundation was \$37,683 in 2024.

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

6. Functional Expenses

	Program	Fund Raising	Administrative and General	Total
Grants and Scholarships	\$ 3,481,495	\$	\$	\$ 3,481,495
Personnel Costs	314,038	264,454	247,925	826,417
Professional and Special Services	494,604	43,691	44,964	583,259
Office Occupancy and Expense	18,693	41,432	12,459	72,584
Marketing and Development	23,092	87,611	14,352	125,055
Library	3,995			3,995
Depreciation	9,465	9,464	9,751	28,680
	<u>\$ 4,345,382</u>	<u>\$ 446,652</u>	<u>\$ 329,451</u>	<u>\$ 5,121,485</u>

7. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consisted of the following at December 31, 2024:

	Balance 1/1/24	Contributions	Released From Restrictions	Balance 12/31/24
Mental Health Needs Assessment Fund	\$ 2,665	\$	\$ (40)	\$ 2,625
Lubbock Downtown Park	341,101	572,751	(16,107)	897,745
	<u>\$ 343,766</u>	<u>\$ 572,751</u>	<u>\$ (16,147)</u>	<u>\$ 900,370</u>

This balance represents monies contributed or paid to the Foundation to be used for specific future purposes.

8. Funds Held As Agency Endowments

This account represents endowment funds accepted by the Foundation from nonprofit organizations that specify itself as a beneficiary of the fund. The Foundation has legal ownership and ultimate variance power over the funds; however, for accounting purposes the agencies recognize a beneficial interest in the assets. The related liability for the year ended December 31, 2024 was \$3,985,383.

9. Concentration of Credit Risk

The Foundation maintains cash in local bank accounts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times during the year the balance in these accounts exceeded the insured limits.

COMMUNITY FOUNDATION OF WEST TEXAS, INC.

NOTES TO FINANCIAL STATEMENTS

10. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of December 31, 2024, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	<u>2024</u>
Cash and Cash Equivalents	\$ 2,115,430
Certificates of Deposit	1,309,208
Investments - Marketable Securities	71,488,360
Notes and Accounts Receivable	1,756,425
Fixed Assets Net of Depreciation	<u>433,695</u>
Total Financial Assets	\$ 77,103,118
Less donor imposed restrictions:	
Fixed Assets Net of Depreciation	433,695
Donor Restricted Funds	<u>900,370</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ <u><u>75,769,053</u></u>

The Foundation is primarily supported by contributions. Some of the contributions are restricted by the donor for a specific purpose, and therefore may not be available for general expenditure within one year.

11. Commitments

The Foundation has an obligation to fund scholarships and multi-year grant commitments in subsequent years providing the current recipients remain qualified and attend school. The present obligation to be paid in the years 2025, 2026, and 2027 totals \$369,500.

12. Subsequent Events

The Foundation's management has evaluated subsequent events through July 16, 2025, the date which the financial statements were available for issue.