

WELLS MOUNTAIN INITIATIVE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023

WELLS MOUNTAIN INITIATIVE, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Wells Mountain Initiative, Inc.**

Opinion

We have audited the financial statements of Wells Mountain Initiative, Inc. (the "Initiative") which comprise the statements of financial position as of December 31, 2023, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Initiative as of December 31, 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 (GAAS). 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 Initiative 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 nor events, considered in the aggregate, that raise substantial doubt about the Initiative's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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.

**Board of Directors
Wells Mountain Initiative, Inc.**

In performing an audit in accordance GAAS, 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 Initiative'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 Initiative'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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 12, 2024**

WELLS MOUNTAIN INITIATIVE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023

	<u>2023</u>
ASSETS	
ASSETS	
Cash and cash equivalents	\$ 273,508
Contributions receivable	30,700
Investments	<u>1,798,252</u>
Total Assets	<u>\$ 2,102,460</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 1,188
Accrued expenses	<u>24,258</u>
Total Liabilities	<u>25,446</u>
NET ASSETS	
Without donor restrictions	
Undesignated	153,762
Board designated – funds functioning as endowment	<u>1,161,252</u>
Total without donor restrictions	1,315,014
With donor restrictions	<u>762,000</u>
Total Net Assets	<u>2,077,014</u>
Total Liabilities And Net Assets	<u>\$ 2,102,460</u>

WELLS MOUNTAIN INITIATIVE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Support and revenue			
Individual and corporate contributions	\$ 842,658	\$ 35,719	\$ 878,377
In-kind contributions	12,927	-	12,927
Event revenue	13,472	-	13,472
Investment income	231,884	-	231,884
Net assets released from restrictions	<u>46,219</u>	<u>(46,219)</u>	<u>-</u>
Total support and revenue	<u>1,147,160</u>	<u>(10,500)</u>	<u>1,136,660</u>
Expenses			
Program services	<u>900,162</u>	<u>-</u>	<u>900,162</u>
Total program service	<u>900,162</u>	<u>-</u>	<u>900,162</u>
Supporting services:			
Management and administration	154,419	-	154,419
Fundraising	<u>124,153</u>	<u>-</u>	<u>124,153</u>
Total supporting services	<u>278,572</u>	<u>-</u>	<u>278,572</u>
Total expenses	<u>1,178,734</u>	<u>-</u>	<u>1,178,734</u>
Changes in net assets	(31,574)	(10,500)	(42,074)
Net Assets			
Beginning of year	<u>1,346,588</u>	<u>772,500</u>	<u>2,119,088</u>
End of year	<u>\$ 1,315,014</u>	<u>\$ 762,000</u>	<u>\$ 2,077,014</u>

WELLS MOUNTAIN INITIATIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

		<u>Supporting Services</u>		
		<u>Management</u>		<u>2023</u>
	<u>Program Services</u>	<u>And</u>	<u>Fundraising</u>	<u>Total</u>
		<u>Administration</u>		
Salaries and wages	\$ 332,360	\$ 45,348	\$ 117,897	\$ 495,605
Grants and scholarships	395,840	-	-	395,840
Travel	14,844	1,956	23	16,823
Occupancy	-	9,000	-	9,000
Telephone	2,033	414	-	2,447
Postage	224	2,746	1,491	4,461
Printing	-	5,139	3,111	8,250
Office and supplies	8,674	3,011	1,602	13,287
Events	133,093	2,368	29	135,490
Professional fees	480	69,025	-	69,505
Bank fees	-	12,729	-	12,729
Insurance expense	-	2,606	-	2,606
Other expenses	<u>12,614</u>	<u>77</u>	<u>-</u>	<u>12,691</u>
Total expenses	<u>\$ 900,162</u>	<u>\$ 154,419</u>	<u>\$ 124,153</u>	<u>\$ 1,178,734</u>

WELLS MOUNTAIN INITIATIVE, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

	<u>2023</u>
Cash flows from operating activities	
Change in net assets	\$ (42,074)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized losses on investments	(185,314)
Changes in assets and liabilities:	
(Increase) decrease in:	
Contributions receivable	13,550
Prepaid expenses	4,375
Increase (decrease) in:	
Accounts payable	952
Accrued and other liabilities	<u>333</u>
Net cash used in operating activities	<u>(208,178)</u>
 Cash flows from investing activities	
Purchase of investments	(1,453,547)
Proceeds from sale of investments	<u>1,792,477</u>
Net cash provided by investing activities	<u>338,930</u>
 Net increase in cash and cash equivalents	130,752
 Cash and cash equivalents	
Beginning	<u>142,746</u>
Ending	<u>\$ 273,508</u>

WELLS MOUNTAIN INITIATIVE.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Wells Mountain Initiative, Inc. (the “**Initiative**”) was founded in 2005 with the idea that the Initiative could have an important role to play in helping young people in the developing world by leveling the playing field for education, opportunity and justice. The initiative fosters social change at the local level by building a global network of grassroots leaders who are catalyzing community transformation across 54 developing countries by supporting young people who have proved to be unstoppable in the face of adversity and are deeply committed to leading change in their community by funding their undergraduate studies in high-need sectors, helping them lead social service projects during their academic career and standing alongside them to address any challenges, so that they complete their studies.

A summary of the Initiative’s significant accounting policies follows:

BASIS OF PRESENTATION

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the “**Codification**”). As required by the Not-for-Profit Entities topics of the Codification, the Initiative is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets 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, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Initiative has no donor restricted net assets that are required to be maintained in perpetuity.

CASH AND CASH EQUIVALENTS

The Initiative considers cash and all highly-liquid investments with original maturities of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Initiative maintains cash deposits in excess of federally insured limits of \$250,000. Accounting Standards Codification (“ASC”) 825, “Financial Instruments” identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded as a receivable when a verifiable unconditional contribution is received. Contributions receivable to be received over periods exceeding one year are discounted to their net present value. At December 31, 2023, no allowance for uncollectable contributions is recorded as management expects all contributions to be fully collected.

SUPPORT AND REVENUE

The Initiative recognizes contributions when cash, securities or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Initiative is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Initiative recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as ***“net assets released from restrictions.”***

CONTRIBUTIONS (IN-KIND)

During the year ended December 31, 2023, the Initiative received several contributions in-kind. These contributions (in-kind) consisted of the office space for the Initiative’s operations and a venue for the annual meeting. During the year ended December 31, 2023, the Initiative received \$12,297 of in-kind contributions. Unless otherwise noted, contributions (in-kind) did not have donor-imposed restrictions.

INCOME TAXES

The Initiative is exempt from federal income tax, except on income earned from unrelated business activities, under Section 501(c)(3) of the Internal Revenue Code (***“IRC”***). The Initiative had no net unrelated business income for the year ended December 31, 2023, and has been classified as an organization that is not a private foundation.

Management evaluated the Initiative’s tax positions and concluded that the Initiative had taken no uncertain tax positions that require adjustment to the financial statements.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the various programs and services have been summarized on a functional basis on the statement of activities and the statement of functional expenses. Accordingly, certain overhead costs, such as rent, have been allocated among the programs and supporting services benefited based on the percentage of effort, square footage, or another relevant basis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (***“U.S. GAAP”***) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

(2) CONTRIBUTIONS RECEIVABLE

The Initiative had contributions receivable totaling \$30,700 at December 31, 2023. The contributions receivable as of December 31, 2023 are expected to be collected within one year.

(3) INVESTMENTS

Investments are composed of the following as of December 31:

	<u>2023</u>
Cash and Cash Equivalents	\$ 25,858
Common Stocks	498,738
Corporate Bonds	65,141
Government Securities	122,883
Exchange Traded Funds	594,316
Mutual Funds	<u>491,316</u>
	<u>\$1,798,252</u>

The composition of investment return, for the year ended December 31 consists of:

	<u>2023</u>
Income	\$ 46,570
Net Realized and unrealized Gains (Losses)	<u>185,314</u>
	<u>\$ 231,884</u>

(4) FAIR VALUE MEASUREMENTS

The Initiative utilizes various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets at the measurement date for identical assets and/or liabilities. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.
- Level 2 – Quoted prices for similar assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors, benchmark yields, reported trades, issuer spreads, broker/dealer quotes, bids, offers, and industry and economic data.

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

- Level 3 – Assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of money market funds and are classified as Level 1 investments.

MUTUAL FUNDS AND EXCHANGE TRADED FUNDS

Mutual Funds and Exchange Traded Funds consist of actively managed funds that trade in active stock markets and are based on daily quoted market prices. These are classified as Level 1.

The summary of inputs used to value the Initiative assets that are carried at fair value as of December 31:

	<u>2023</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments</u>				
Cash and Cash Equivalents	\$ 26,467	\$ 26,467	\$ -	\$ -
Common Stocks	498,738	498,738	-	-
Exchange Traded Funds	594,316	594,316	-	-
Corporate Bonds	65,141	-	65,141	-
Government Securities	122,274	-	122,274	-
Mutual Funds	<u>491,316</u>	<u>491,316</u>	<u>-</u>	<u>-</u>
	<u>\$1,798,252</u>	<u>\$1,610,837</u>	<u>\$ 187,415</u>	<u>\$ -</u>

(5) FUNDS FUNCTIONING AS ENDOWMENT FUNDS

During 2018, the Board of Directors designated \$1,361,306 of operating funds as “Board Designated Funds Functioning as Endowment Funds.” Although designated as Endowment Funds, these funds are unrestricted as defined by the accounting standards. The amount has been invested in various types of securities as described in Note 3. The market value of the Endowment Funds as of December 31, 2023 is \$1,161,252.

(6) NET ASSETS

Net assets without donor restrictions include the following Board/Other designated net assets at December 31:

	<u>2023</u>
Undesignated	\$ 153,762
Board designated - funds functioning as endowment	<u>1,161,252</u>
	<u>\$1,315,014</u>

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

Net assets with donor restrictions at December 31 are available for the following purposes:

	<u>2023</u>
Bolger Trust (YMCA d'Haiti)	<u>\$ 762,000</u>
	<u>\$ 762,000</u>

For the year ended December 31, 2023, net assets of \$159,032 were released from donor restrictions by incurring expenditures in connection with the restricted purpose.

(7) ENDOWMENT FUNDS

The Initiative's Endowment Fund includes funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Fund assets are held in a managed investment account. The Initiative makes distributions from the account for endowed purposes at a predetermined rate on the total return concept that includes all realized and unrealized gains and losses and investment income (see spending policy). The related investment income is distributed to ministry activities on a total return spending rate set by Board policy.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of The Initiative has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Initiative classifies as net assets with donor restrictions (a) the original value of restricted gifts donated to the endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Initiative considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2023

	December 31, 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,161,252	\$ -	\$ 1,161,252
Donor-restricted endowment funds – purpose restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 1,161,252</u>	<u>\$ -</u>	<u>\$ 1,161,252</u>

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

	December 31, 2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,179,368	\$ -	\$ 1,179,368
Investment return:			
Investment income	14,728	-	14,728
Net appreciation (realized and unrealized)	<u>104,343</u>	<u>-</u>	<u>104,343</u>
Total investment return	119,071	-	119,071
Transfers	112,813	-	112,813
Appropriation of endowment assets for expenditure	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Endowment net assets, end of year	<u>\$ 1,161,252</u>	<u>\$ -</u>	<u>\$ 1,161,252</u>

ENDOWMENT BORROWINGS

During the year ended December 31, 2023, the Initiative's Board authorized temporary borrowings of \$125,000 from the Initiative's endowment funds. Repayment of the borrowings by the Initiative is expected to occur over a five-year period, beginning in 2024. The loan of \$125,000 is included in the endowment net assets at December 31, 2023.

RETURN OBJECTIVES AND RISK PARAMETERS

The Initiative has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to various appropriate Benchmarks such as the S&P 500, while assuming a moderate level of investment risk.

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

SPENDING POLICY

The Initiative has a policy of appropriating for distribution each year: a percentage of its endowment fund's market value from the end of the preceding year in which the distribution is planned. During the year 2023, the rate The Initiative has applied for the distribution calculation was approximately 5.0%. In 2023, an additional \$150,000 was drawn from the board designated endowment funds for operating purposes.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objective, The Initiative relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Initiative targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

(8) RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Initiative received contributions of approximately \$655,000, directly from members of the Board of Directors of the Initiative or from organizations whose Board members are primarily members of the Board of Directors of the Initiative.

During the year ended December 31, 2023, the Initiative borrowed funds from a Board member in the amount of \$100,000. The full amount of the borrowed funds was repaid as of December 31, 2023.

(9) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Initiative regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet the general expenditures over a 12-month period, the Initiative considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of December 31, 2023 and 2022, the Initiative considered the following financial assets available to meet its general expenditures within one year:

	<u>2023</u>
Cash and cash equivalents	\$ 273,508
Promises to give	30,700
Investments	<u>1,798,252</u>
Total financial assets available	2,102,460
Less:	
Board-restricted endowment funds	(1,161,252)
Net assets with donor restrictions	<u>(762,000)</u>
Financial assets available to meet cast needs for general expenditures within one year of	<u>\$ 179,208</u>

The Initiative strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. The Initiative has board designated endowment funds. Although the Initiative does not intend to spend from the board designated funds beyond its estimated appropriation rate, the funds could be made available, if necessary, with Board approval.

WELLS MOUNTAIN INITIATIVE, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2023

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date the financial statements were available for issuance, August 12, 2024, have been evaluated in the preparation of the financial statements.