



Downtown Wytheville Incorporated Financial Report

December 31, 2023

Downtown Wytheville Incorporated

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Independent Accountant's Review Report

To the Board of Trustees
Downtown Wytheville Incorporated
Wytheville, Virginia

We have reviewed the accompanying financial statements of Downtown Wytheville Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Downtown Wytheville Incorporated and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.



Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
September 23, 2024



Financial Statements



Downtown Wytheville Incorporated

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 100,275	\$ 69,484
Restricted cash (Note 6)	99,384	119,350
Prepaid expenses	719	719
Revolving loan fund	8,000	8,000
	<hr/>	<hr/>
Total assets	\$ 208,378	\$ 197,553
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 274	\$ -
Accrued payroll	16,753	16,749
	<hr/>	<hr/>
Total liabilities	17,027	16,749
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions	91,967	61,454
With donor restrictions	99,384	119,350
	<hr/>	<hr/>
Total net assets	191,351	180,804
	<hr/>	<hr/>
Total liabilities and net assets	\$ 208,378	\$ 197,553
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See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of these statements.

Downtown Wytheville Incorporated

Statement of Activities Year Ended December 31, 2023

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Donations	\$ 216,238	\$ 50,000	\$ 266,238
Event revenue	4,937	-	4,937
Miscellaneous	1,466	-	1,466
Interest income	3,722	-	3,722
Net assets released from restrictions	69,966	(69,966)	-
Total revenue and support	<u>296,329</u>	<u>(19,966)</u>	<u>276,363</u>
EXPENSES			
Program services	82,743	-	82,743
Management and general	183,073	-	183,073
Total expenses	<u>265,816</u>	<u>-</u>	<u>265,816</u>
Change in net assets	30,513	(19,966)	10,547
NET ASSETS			
Beginning	<u>61,454</u>	<u>119,350</u>	<u>180,804</u>
Ending	<u>\$ 91,967</u>	<u>\$ 99,384</u>	<u>\$ 191,351</u>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of this statement.

Downtown Wytheville Incorporated

Statement of Activities Year Ended December 31, 2022

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Donations	\$ 99,283	\$ 119,350	\$ 218,633
Event revenue	3,884	-	3,884
Miscellaneous	6,823	-	6,823
Interest income	54	-	54
Net assets released from restrictions	8,162	(8,162)	-
	<u>118,206</u>	<u>111,188</u>	<u>229,394</u>
Total revenue and support			
EXPENSES			
Program services	59,622	-	59,622
Management and general	120,470	-	120,470
	<u>180,092</u>	<u>-</u>	<u>180,092</u>
Total expenses			
Change in net assets	(61,886)	111,188	49,302
NET ASSETS			
Beginning	123,340	8,162	131,502
Ending	<u>\$ 61,454</u>	<u>\$ 119,350</u>	<u>\$ 180,804</u>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of this statement.

Downtown Wytheville Incorporated

Statement of Functional Expenses

Year Ended December 31, 2023

	2023		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Personnel	\$ 48,340	\$ 152,246	\$ 200,586
Professional services	18,009	8,055	26,064
Supplies	908	1,985	2,893
Postage and shipping	17	73	90
Printing and Copying	132	-	132
Telecommunications	221	989	1,210
Marketing	7,701	983	8,684
Travel, conferences, and meetings	3,745	4,367	8,112
Insurance	-	2,035	2,035
Miscellaneous	-	340	340
Facilities and equipment	3,670	12,000	15,670
	<u>\$ 82,743</u>	<u>\$ 183,073</u>	<u>\$ 265,816</u>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of this statement.

Downtown Wytheville Incorporated

Statement of Functional Expenses

Year Ended December 31, 2022

	2022		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Program	\$ 16,134	\$ -	\$ 16,134
Personnel	-	98,476	98,476
Professional services	13,720	2,738	16,458
Supplies	1,065	285	1,350
Telecommunications	-	1,142	1,142
Marketing	5,165	3,289	8,454
Travel, conferences, and meetings	4,578	437	5,015
Insurance	-	1,976	1,976
Miscellaneous	689	127	816
Facilities and equipment	3,271	12,000	15,271
Bad debt expense	15,000	-	15,000
	<u>\$ 59,622</u>	<u>\$ 120,470</u>	<u>\$ 180,092</u>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of this statement.

Downtown Wytheville Incorporated

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 10,547	\$ 49,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable	-	57,225
Accounts payable	274	(6,379)
Accrued payroll	4.00	(343)
	<u>10,825</u>	<u>99,805</u>
Net cash provided by operating activities	10,825	99,805
	<u>10,825</u>	<u>99,805</u>
Net increase in cash and cash equivalents	10,825	99,805
CASH AND CASH EQUIVALENTS		
Beginning	188,834	89,029
Ending	<u>\$ 199,659</u>	<u>\$ 188,834</u>
RECONCILIATION TO CASH ON STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 100,275	\$ 69,484
Restricted cash	99,384	119,350
	<u>\$ 199,659</u>	<u>\$ 188,834</u>

See Independent Accountant's Review Report.

The Notes to Financial Statements are an integral part of these statements.

Downtown Wytheville Incorporated

Notes to Financial Statements

December 31, 2023

Note 1 – Organization, Nature of Activities, and Management Structure

Downtown Wytheville Incorporated (DTW) is a 501(c)(3) organization that uses grant funds and other public and private donations to bring grassroots revitalization to Downtown Wytheville, and to forge strong partnerships and progressive strategies to make Downtown Wytheville the vibrant heart of the community and commerce for the region.

The affairs of DTW are managed by a Board of Directors elected to serve up to two consecutive three year terms. Officers are appointed at the annual meeting in January of each year to serve one-year terms.

Officers serving during the 2023 fiscal year were:

Josh Pennington – President
Shane Terry – Vice President
Rob Kern – Treasurer

Officers elected to serve during the 2024 fiscal year are:

Josh Pennington – President
Shane Terry – Vice President
Rob Kern – Treasurer

The Executive Director of DTW is a non-voting member of the Board of Directors. The Executive Director is an employee of the Town of Wytheville, under a Memorandum of Understanding (MOU) with DTW.

Note 2 – Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The accompanying financial statements present information regarding DTW's financial position and activities according to two classes of net assets, differentiated based on the existence or absence of donor-imposed restrictions, which are described below:

Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions are limited in use by donor-imposed stipulations either that expire by the passage of time or that can be fulfilled by action of DTW pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity. There were \$99,384 and \$119,350 of net assets with donor restrictions at December 31, 2023 and 2022, respectively.

Revenue

Contributions

Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions in the period received, as applicable. However, contributions received with donor-

Downtown Wytheville Incorporated

Notes to Financial Statements

December 31, 2023

imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restriction class. Contributions of assets other than cash are recorded at their estimated fair value.

Miscellaneous Revenue

DTW receives revenue from merchandise sales, permits, and banners. The revenue for these is recognized at the point of sale and at the time the services are performed.

Contributed Services

During the years ended December 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist DTW, but these services do not meet the requirements for recognition as contributed services.

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Economic Dependency

DTW receives the majority of its funding from state and local governmental agencies. DTW's operations are dependent upon continuing support from those grantors.

Cash and Cash Equivalents

For purposes of the statements of cash flows, DTW considers all cash on hand, checking accounts, and savings to be cash and cash equivalents. At December 31, 2023 and 2022, \$99,384 and \$119,350, respectively, of cash and cash equivalents was restricted for specific purposes.

Furniture, Fixtures, and Equipment

Equipment purchased by DTW with a value of \$2,500 or more and a useful life in excess of one year is capitalized and depreciated over the estimated life of the respective asset on a straight-line basis.

Revolving Loan Fund

The revolving loan fund in the amount of \$8,000 on the statement of financial position is a pool of capital which, once repaid, can be used to cover expenses or fund other projects. The current outstanding balance of \$8,000 is owed to DTW by the Joint Industrial Development Authority of Wythe County, Virginia.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the nature classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services. Expenses that are common

Downtown Wytheville Incorporated

Notes to Financial Statements

December 31, 2023

to multiple functions are allocated based upon the estimated time spent on program and administrative activities, as deemed reasonable by management.

Note 3 – Accounts Receivable

Accounts receivable consisted of the following:

	2023	2022
Government contributions	\$ -	\$ -

Note 4 – Operating Lease

DTW entered into a lease for office space in April 2021 for a term of 2 years, with an option to renew for an additional 120 days. This agreement includes the exercise of the renewal option expired in August 2023 and has been renewed on a month-to-month basis with the option for either party to terminate the lease with 120 days written notice.

Rental payments for 2023 and 2022 totaled \$12,000.

As of July 1, 2024, the business whom DTW rents from merged with a locally owned business. As of now there is uncertainty as to whether this will have any impact on their month-to-month lease.

Note 5 – Retirement Benefits

The Executive Director is a full-time employee of the Town of Wytheville, under a MOU with DTW. The Town of Wytheville is a member of the Virginia Retirement System (VRS). Full-time employees of the Town of Wytheville are required to enroll in VRS and receive all benefits offered by VRS. This benefit is at a cost of 5% to the employee.

Employer contribution rates are established by VRS. From January 1, 2023 to June 30, 2023, the Town of Wytheville was required to contribute 10.64% to VRS for all full-time employees. Effective July 1, 2023, this contribution rate increased to 12.86%. For fiscal year 2023 and 2022, the Town of Wytheville contributed a total of \$13,357 and \$6,895, respectively, on behalf of the Executive Director, which was then paid by DTW pursuant to the MOU with the Town of Wytheville.

Note 6 – Financial Assets and Liquidity Resources

Financial assets available for general expenditure without donor or other restrictions limiting their use within one year of the balance sheet date comprise the following:

	2023	2022
Cash and cash equivalents	\$ 199,659	\$ 188,834
Less restricted cash	(99,384)	(119,350)
Accounts receivable	-	-
	<u>\$ 100,275</u>	<u>\$ 69,484</u>

DTW has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. DTW considers general expenditures to be all expenditures related to its ongoing activities of bringing grassroots revitalization to Downtown Wytheville.

Downtown Wytheville Incorporated

Notes to Financial Statements

December 31, 2023

To help manage unanticipated liquidity needs, DTW receives funding from local and state agencies, including an annual grant from the Town of Wytheville. DTW also maintains a money market/savings account, in which excess funds are held.

Note 7 – Subsequent Events

In preparing these financial statements, DTW has evaluated events and transactions for potential recognition or disclosure through September 23, 2024, the date the financial statements were available to be issued.