

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
HOUSTON, TEXAS

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**
As of and for the Years Ended
March 31, 2022, 2021, 2020 and 2019

BY

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Independent Auditor's Report

To the Board of Directors
W L D Johnson Scholarship Foundation, Inc.

Opinion

I have audited the accompanying financial statements of W L D Johnson Scholarship Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, 2021, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of W L D Johnson Scholarship Foundation, Inc. as of March 31, 2022, 2021, 2020, and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of my report. I am required to be independent of W L D Johnson Scholarship Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibility 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 W L D Johnson Scholarship Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

**Omega Psi Phi Fraternity, Incorporated Ninth District
Independent Auditor's Report (Continued)**

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 W L D Johnson Scholarship Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about W L D Johnson Scholarship Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, there were no significant audit findings, and certain internal control related matters that I identified during the audit.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
March 28, 2023

FINANCIAL STATEMENTS

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Financial Position
March 31, 2022, 2021, 2020 and 2019

Assets	2022	2021	2020	2019
Cash and Cash Equivalents	\$ 182,407	\$ 99,751	\$ 72,121	\$ 51,422
Investment	311,504	233,497	153,600	175,123
Total Assets	<u>493,911</u>	<u>333,248</u>	<u>225,721</u>	<u>226,545</u>
Liabilities and Net Assets				
Liabilities:				
Accrued Liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets:				
Without Donor Restrictions	460,911	333,248	225,721	226,545
With Donor Restrictions	33,000	-	-	-
Total Net Assets	<u>493,911</u>	<u>333,248</u>	<u>225,721</u>	<u>226,545</u>
Total Liabilities and Net Assets	<u>\$ 493,911</u>	<u>\$ 333,248</u>	<u>\$ 225,721</u>	<u>\$ 226,545</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Activities
For the Years Ended
March 31, 2022, 2021, 2020 and 2019

	2022	2021	2020	2019	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues, Gains and Other Support Without Donor Restrictions					
Life Member Contributions	\$ 109,231	\$ 74,188	\$ 42,307	\$ 37,240	\$ 262,966
Life Member Pin Sales	1,496	1,117	683	479	3,775
Dividend Income	6,676	5,889	5,816	5,841	24,222
Interest Income	202	107	2	2	313
Gains (Losses)	21,331	54,008	(27,339)	(1,150)	46,850
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	138,936	135,309	21,469	42,412	338,126
Net Assets Released from Restrictions					
Restrictions Satisfied by Payments	12,000	-	-	-	12,000
TOTAL REVENUE, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	150,936	135,309	21,469	42,412	350,126
Expenses					
Administration Expense	11,129	6,671	12,143	5,202	35,145
Program Expense	12,144	21,111	10,150	9,031	52,436
Total Expenses	23,273	27,782	22,293	14,233	87,581
TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	127,663	107,527	(824)	28,179	262,545
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Scholarships	45,000	-	-	-	45,000
TOTAL REVENUE AND GAINS WITH DONOR RESTRICTIONS	45,000	-	-	-	45,000
Net Assets Released from Restrictions					
Restrictions Satisfied by Payments	(12,000)	-	-	-	(12,000)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	33,000	-	-	-	33,000
INCREASE IN NET ASSETS	160,663	107,527	(824)	28,179	295,545
Net Assets as of Beginning of Year	333,248	225,721	226,545	198,366	983,880
Net Assets as of End of Year	\$ 493,911	\$ 333,248	\$ 225,721	\$ 226,545	\$ 1,279,425

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Cash Flows
For the Years Ended
March 31, 2022, 2021, 2020 and 2019

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Activities				
Change in Net Assets	\$ 160,663	\$ 107,527	\$ (824)	\$ 28,179
Net Cash Provided (Used) by Operating Activities	<u>160,663</u>	<u>107,527</u>	<u>(824)</u>	<u>28,179</u>
Investing Activities				
Cash and Earnings Deposited to Investment	<u>(78,007)</u>	<u>(79,897)</u>	21,523	<u>(4,691)</u>
Net Cash Provided (Used) by Investing Activities	<u>(78,007)</u>	<u>(79,897)</u>	<u>21,523</u>	<u>(4,691)</u>
Net Cash Increase (Decrease) for the Period	82,656	27,630	20,699	23,488
Cash and Cash Equivalents as of Beginning of Year	99,751	72,121	51,422	27,934
Cash and Cash Equivalents as of the End of Year	<u>\$ 182,407</u>	<u>\$ 99,751</u>	<u>\$ 72,121</u>	<u>\$ 51,422</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Functional Expenses
For the Years Ended
October 31, 2022, 2021, 2020 and 2019

	2022	2021	2020	2019	Total
Administration Expense					
Awards and Recognition	\$ 6,398	\$ 4,220	\$ 3,327	\$ 332	\$ 14,277
Bank Charges	3,730	2,171	1,198	274	7,373
Other Administration Expense	270	-	-	255	525
Pins	-	-	-	3,132	3,132
Professional Expense	-	150	7,500	537	8,187
Postage	414	130	118	-	662
Supplies	317	-	-	672	989
Total Administration Expense	11,129	6,671	12,143	5,202	35,145
Program Expense					
Other Program Expense	144	9,361	150	8,531	18,186
Scholarships	12,000	11,750	10,000	500	34,250
Total Program Expense	12,144	21,111	10,150	9,031	52,436
Total Functional Expenses	\$ 23,273	\$ 27,782	\$ 22,293	\$ 14,233	\$ 87,581

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

W L D Johnson Scholarship Foundation, Inc.
Houston, Texas

Notes to the Financial Statements
As of and for the Years Ended March 31, 2022, 2021, 2020 and 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

W L D Johnson Scholarship Foundation, Inc. is a private non-profit Organization domiciled in Houston, Texas. The Foundation was chartered by the State of Texas on January 28, 1991. The Foundation is a private non-profit organization recognized as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Service Code. The mission of the Foundation is to foster and financially support the educational efforts of students throughout the United States in their academic, artistic and community endeavors. A Board of Directors consisting of twelve (12) members governs the Foundation. The Board of Directors receives no compensation.

Financial Statement Presentation

W L D Johnson Scholarship Foundation, Inc. follows the guidance of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC). The financial statements have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation 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 restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its Audit and Accounting Guide for Not-for-Profit Organizations.

W L D Johnson Scholarship Foundation, Inc.
Notes to Financial Statements (Continued)

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of governmental grants and contributions. Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions. Contributions are considered to be without restrictions unless restricted by the donor and are reported as net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles 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

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Foundation had no cash equivalents and total cash balances at March 31, 2022, 2021, 2020 and 2019, are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Without Donor Restrictions				
Cash	\$ 149,407	\$ 99,751	\$ 72,121	\$ 51,422
With Donor Restrictions	33,000	-	-	-
Total Cash	<u>\$ 182,407</u>	<u>\$ 99,751</u>	<u>\$ 72,121</u>	<u>\$ 51,422</u>

Investments

Investments consist of mutual funds, a certificate of deposit and equities. Investments are carried at fair value, which is based on quoted market values for these instruments. Investments maturing in less than one year are classified as short-term investments.

Fair Value Measurements

The Foundation records its investments based on fair value. The use of observable inputs is maximized, and the use of unobservable inputs are minimized by using observable inputs when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

W L D Johnson Scholarship Foundation, Inc.
Notes to Financial Statements (Continued)

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Foundation. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively.

Income Taxes

The Foundation is a nonprofit corporation, exempt under section 501 (c) (3) of the internal revenue code and did not conduct unrelated business activities. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS.

Management has analyzed the tax positions taken by the Foundation, and has concluded that as of March 28, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by Internal Revenue Service for the years ended October 31, 2022, 2021, 2020 and 2019; however, there are currently no audits for any tax period in progress.

W L D Johnson Scholarship Foundation, Inc.
Notes to Financial Statements (Continued)

Total Columns

Total Columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with Generally Accepted Accounting Principles. Neither is such data comparable to a consolidation.

NOTE B. INVESTMENTS

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by the market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Investments consist of the following at March 31, 2022:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 62,218	\$ 61,473	\$ 61,473
Equities	183,327	236,840	236,840
Flexible Savings Certificate	10,533	10,533	10,533
Cash and Cash Equivalents	-	2,658	2,658
Total Investment	<u>\$ 256,078</u>	<u>\$ 311,504</u>	<u>\$ 311,504</u>

Investments consist of the following at March 31, 2021:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 52,444	\$ 54,008	\$ 54,008
Equities	128,065	166,118	166,118
Flexible Savings Certificate	10,512	10,512	10,512
Cash and Cash Equivalents	-	2,859	2,859
Total Investment	<u>\$ 191,021</u>	<u>\$ 233,497</u>	<u>\$ 233,497</u>

W L D Johnson Scholarship Foundation, Inc.
Notes to Financial Statements (Continued)

NOTE B. INVESTMENTS (continued)

Investments consist of the following at March 31, 2020:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 43,730	\$ 40,333	\$ 40,333
Equities	89,539	81,564	81,564
Flexible Savings Certificate	10,439	10,439	10,439
Exchange Traded and Closed Ended Funds	21,361	20,139	20,139
Cash and Cash Equivalents	-	1,125	1,125
Total Investment	\$ 165,069	\$ 153,600	\$ 153,600

Investments consist of the following at March 31, 2019:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 32,896	\$ 32,635	\$ 32,635
Equities	96,114	102,413	102,413
Flexible Savings Certificate	10,257	10,257	10,257
Exchange Traded and Closed Ended Funds	21,361	27,941	27,941
Cash and Cash Equivalents	-	1,877	1,877
Total Investment	\$ 160,628	\$ 175,123	\$ 175,123

Investment income consists of the following:

	2022	2021	2020	2019
Interest and Dividends	\$ 6,878	\$ 5,996	\$ 5,818	\$ 5,843
Gains (Losses)	21,331	54,008	(27,339)	(1,150)
Net Investment Income	\$ 28,209	\$ 60,004	\$ (21,521)	\$ 4,693

W L D Johnson Scholarship Foundation, Inc.
Notes to Financial Statements (Continued)

NOTE C. LIFE TIME MEMBERS PROGRAM

Beginning April 1, 2018, the Omega Psi Phi Fraternity, Inc., Ninth District implemented the Ninth District Life Membership Program as an extension of the WLD Johnson Scholarship Foundation, Inc. The program is open to all fully-financial members of the Ninth District chapters who are in good standing at all levels of the Fraternity. Life Members of the Ninth District are exempt from all future annual Ninth District dues.

The current fee for the Ninth District Life Membership Program is twenty (20) times the current annual dues rate, which totals one thousand dollars (\$1,000). Total Ninth District Life Members were as follows for the years ending March 31, 2022, 2021, 2020 and 2019:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning Members	330	260	220	196
New Members	109	70	40	24
Total Members	<u>439</u>	<u>330</u>	<u>260</u>	<u>220</u>

NOTE D. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various 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.

NOTE E. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 28, 2023, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.