

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, 2024 and 2023

BY

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and Independent Auditor's Report
As of and for the Years Ended
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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, 2024 and 2023, 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, 2024 and 2023, 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.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of findings and questioned cost on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
April 1, 2025

FINANCIAL STATEMENTS

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Financial Position
March 31, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 226,556	\$ 185,212
Accounts Receivable	8,009	8,009
Investment	<u>402,395</u>	<u>349,117</u>
Total Assets	<u><u>636,960</u></u>	<u><u>542,338</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accrued Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets:		
Without Donor Restrictions	636,960	511,838
With Donor Restrictions	<u>-</u>	<u>30,500</u>
Total Net Assets	<u>636,960</u>	<u>542,338</u>
Total Liabilities and Net Assets	<u><u>\$ 636,960</u></u>	<u><u>\$ 542,338</u></u>

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

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Activities
March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Revenues, Gains and Other Support Without Donor Restrictions			
Life Member Contributions	\$ 87,000	\$ 77,000	\$ 164,000
Life Member Pin Sales	1,080	1,620	2,700
Dividend Income	9,348	9,260	18,608
Interest Income	720	135	855
Gains (Losses)	43,526	(21,780)	21,746
Other Income	83	5	88
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	<u>141,757</u>	<u>66,240</u>	<u>207,997</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>39,000</u>	<u>32,500</u>	<u>71,500</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>180,757</u>	<u>98,740</u>	<u>279,497</u>
Expenses			
Administration Expense	9,521	24,972	34,493
Program Expense	42,614	34,100	76,714
Total Expenses	<u>52,135</u>	<u>59,072</u>	<u>111,207</u>
TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>128,622</u>	<u>39,668</u>	<u>168,290</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS			
Scholarships	<u>5,000</u>	<u>30,000</u>	<u>35,000</u>
TOTAL REVENUE AND GAINS WITH DONOR RESTRICTIONS	<u>5,000</u>	<u>30,000</u>	<u>35,000</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>(39,000)</u>	<u>(32,500)</u>	<u>(71,500)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(34,000)</u>	<u>(2,500)</u>	<u>(36,500)</u>
INCREASE IN NET ASSETS	94,622	37,168	131,790
Net Assets as of Beginning of Year	<u>542,338</u>	<u>493,911</u>	<u>493,911</u>
Other Changes in Net Assets			
Prior Period Adjustments	-	11,259	11,259
Total Other Changes in Net Assets	<u>-</u>	<u>11,259</u>	<u>11,259</u>
Net Assets as of End of Year	<u>\$ 636,960</u>	<u>\$ 542,338</u>	<u>\$ 636,960</u>

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

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Cash Flows
March 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in Net Assets	\$ 94,622	\$ 37,168
Adjustments to Reconcile Changes in net Assets to Cash Used by Operating Activities:		
Increase in Accounts Receivables	-	(8,009)
Prior Period Adjustmemnt	-	11,259
Total Adjustments	-	3,250
Net Cash Provided (Used) by Operating Activities	94,622	40,418
Investing Activities		
Cash and Earnings Deposited to Investment	(53,278)	(37,613)
Net Cash Provided (Used) by Investing Activities	(53,278)	(37,613)
Net Cash Increase (Decrease) for the Period	41,344	2,805
Cash and Cash Equivalentents as of Beginning of Year	185,212	182,407
Cash and Cash Equivalentents as of the End of Year	\$ 226,556	\$ 185,212

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

W L D JOHNSON SCHOLARSHIP FOUNDATION, INC.
Statement of Functional Expenses
March 31, 2024 and 2023

	2024	2023	Total
Administration Expense			
Awards and Recognition	\$ 8,364	\$22,540	\$ 30,904
Bank Charges	4	19	23
Other Administration Expense	-	636	636
Professional Expense	236	268	504
Postage	176	214	390
Supplies	741	1,295	2,036
Total Administration Expense	<u>9,521</u>	<u>24,972</u>	<u>34,493</u>
Program Expense			
Other Program Expense	3,614	1,600	5,214
Scholarships	39,000	32,500	71,500
Total Program Expense	<u>42,614</u>	<u>34,100</u>	<u>76,714</u>
Total Functional Expenses	<u>\$ 52,135</u>	<u>\$59,072</u>	<u>\$ 111,207</u>

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, 2024 and 2023

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, the principles of reporting net assets are used. Revenue and public support consist mainly of life membership dues 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, 2024 and 2023, are as follows:

	2024	2023
Without Donor Restrictions		
Cash	\$ 226,557	\$ 154,712
With Donor Restrictions	-	30,500
Total Cash	\$ 226,557	\$ 185,212

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 April 1, 2025, 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 March 31, 2024, 2023 and 2022; 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, 2024:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 91,508	\$ 91,800	\$ 91,800
Equities	226,323	294,092	294,092
Flexible Savings Certificate	11,070	11,071	11,071
Cash and Cash Equivalents	-	5,432	5,432
Total Investment	<u>\$ 328,901</u>	<u>\$ 402,395</u>	<u>\$ 402,395</u>

Investments consist of the following at March 31, 2023:

	Cost	Market and Carrying Value	Level 1
Mutual Funds	\$ 86,175	\$ 83,885	\$ 83,885
Equities	215,834	250,120	250,120
Flexible Savings Certificate	10,667	10,667	10,667
Cash and Cash Equivalents	-	4,445	4,445
Total Investment	<u>\$ 312,676</u>	<u>\$ 349,117</u>	<u>\$ 349,117</u>

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

Investment income consists of the following:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 10,068	\$ 9,395
Gains (Losses)	<u>43,526</u>	<u>(21,780)</u>
Net Investment Income	<u>\$ 53,594</u>	<u>\$ (12,385)</u>

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning Members	516	439
New Members	<u>87</u>	<u>77</u>
Total Members	<u>603</u>	<u>516</u>

NOTE D. PRIOR PERIOD ADJUSTMENT

The Foundation had a prior period adjustment as follows:

Understated Revenue	\$ 11,259
Total	<u>\$ 11,259</u>

NOTE E. 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.

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

NOTE F. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 1, 2025, 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.

NOTE G. CONCENTRATIONS OF RISKS

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by its agent in the Organization's name.
- Category 2 Deposits, which are collateralized with securities, held by the pledging financial institution's trust department or agent in the Organization's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all the Foundation's cash deposits are classified as Category 3. At March 31, 2024 and 2023, the carrying amount of cash of the Foundation was covered as follows:

	<u>2024</u>	<u>2023</u>
Covered by Federal Depository Insurance	\$ 226,556	\$ 185,212
Deposits Not Insured	-	-
Total	<u>\$ 226,556</u>	<u>\$ 185,212</u>

Investments in the brokerage accounts are covered up to \$500,000 by SPIC (Securities Investor Protection Corporation) insurance. As of March 31, 2024 and 2023, the investment account was 100% covered in the amounts of \$402,395 and \$349,117, respectively.

NOTE H. LIQUIDITY MANAGEMENT

As of March 31, 2024, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Cash	\$ 226,556	\$ 154,712
Investment	402,395	349,117
Receivables	8,009	8,009
Total	<u>\$ 636,960</u>	<u>\$ 511,838</u>

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

SUPPLEMENTAL INFORMATION

WLD JOHNSON SCHOLARSHIP FOUNDATION, INC.
Schedule Of Findings and Questioned Costs
For the Years Ended March 31, 2024, and 2023

SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unmodified opinion on the financial statements of the WLD Johnson Scholarship Foundation, Inc.

AUDIT FINDINGS

Finding 2024-2023:1 Untimely Filing of Form 990

Criteria: Internal Revenue Service requires that Form 990 Return of Organization Exempt from Income Tax must be filed by the fifteenth day of the fifth month after the accounting period ends.

Cause: The Organization does not have written policies and procedures which provide guidelines to ensure the Organization is in compliance with Internal Revenue section 501 (a).

Condition: Form 990 for fiscal years 2023 and 2022 were filed untimely.

Effect: The Organization was incurred late filing penalties. Three years of consecutive late filing will result in an automatic revocation of the tax-exempt status of the Organization.

Recommendation: The Organization should establish written policies and procedures which provide guidelines for how the Organization will ensure compliance for timely filing of Form 990 Return of Organization Exempt from Income Tax by the fifteenth day of the fifth month after the accounting period ends which is August 15th.

**Management's Response
and Planned Corrective**

Action: *We will prepare written policies and procedures regarding the filing of Form 990. Among those will be to ensure that as soon as the financial report is presented at the district meeting, a committee head is installed to facilitate the filing of Form 990.*

QUESTIONED COSTS: There were no questioned costs.