

*Financial Statements*

COMMUNITY FOUNDATION FOR LOUDOUN  
AND NORTHERN FAUQUIER COUNTIES

December 31, 2015

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Community Foundation for Loudoun and Northern Fauquier Counties, previously known as Piedmont Community Foundation, was incorporated June 4, 1999 under the laws of the Commonwealth of Virginia to operate as a non-stock, not-for-profit corporation. The Organization is tax exempt under provision 501(c)(3) of the Internal Revenue Code. The Organization changed its name from Piedmont Community Foundation to Community Foundation for Loudoun and Northern Fauquier Counties effective May 2015. The organization continues to file a DBA in the name of Piedmont Community Foundation.

Community Foundation for Loudoun and Northern Fauquier Counties (CF) is organized exclusively to support charitable, literary and educational purposes in the Northern Piedmont Region of Virginia, specifically in Loudoun and Northern Fauquier Counties and surrounding areas.

### **OFFICERS**

Kristen Langhorne, President  
John Rust, Vice President  
Sandra L. Atkins, CPA, PFS Treasurer  
Susan D. Webb, Secretary

### **BOARD OF DIRECTORS**

Katherine Armfield	Connie Moore Behan
Sandra L. Atkins, CPA, PFS	Thomas Northrup
Angela Bender	John M. Rust
Andrew Bishop	Patricia Stout
David Hathaway	Sohaib Tayyab
Kristen Langhorne	Susan D. Webb

### **EXECUTIVE DIRECTOR**

Amy E. Owen

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Community Foundation for Loudoun and Northern Fauquier Counties  
Leesburg, Virginia

We have reviewed the accompanying statement of financial position of Community Foundation for Loudoun and Northern Fauquier Counties (a nonprofit organization) as of December 31, 2015, and the related statements of activities and cash flows for the year 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 misstatements 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 American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no 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.

### Accountant's Conclusion

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

### Supplementary Information

The supplementary information included on page 11 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to this information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

## **Report on Summarized Comparative Information**

We previously reviewed Community Foundation for Loudoun and Northern Fauquier Counties 2014 financial statements and in our report dated June 8, 2015, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.

Leesburg, Virginia  
May 24, 2016

*Mitchell & Co., P.C.*

**COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(with December 31, 2014 comparative totals)**

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 858,862	\$ 890,106
Contributions pledged receivable	80,000	13,566
Prepaid expenses	20,372	24,214
Investments, at fair value	2,018,551	1,442,300
<b>Total assets</b>	<b>\$ 2,977,785</b>	<b>\$ 2,370,186</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accrued expenses	\$ 5,838	\$ 5,750
Agency endowment funds	341,828	361,825
	<b>347,666</b>	<b>367,575</b>
Net Assets		
Unrestricted:		
Donor advised endowment	405,497	144,430
Designated endowment	654,519	367,261
Field of interest endowment	1,356,532	1,198,766
Unrestricted endowment	34,848	36,706
Unrestricted	111,982	244,448
	<b>2,563,378</b>	<b>1,991,611</b>
Temporarily restricted	66,741	11,000
<b>Total net assets</b>	<b>2,630,119</b>	<b>2,002,611</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,977,785</b>	<b>\$ 2,370,186</b>

See accompanying notes and independent accountant's review report.

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (with December 31, 2014 comparative totals)

	2015			2014
	Unrestricted	Temporarily Restricted	Totals	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,283,805	\$ 100,158	\$ 1,383,963	\$ 1,360,574
In kind contributions	24,312	-	24,312	5,397
Component fund special events (net of expense)	42,165	-	42,165	56,630
Interest and dividend income	77,567	-	77,567	52,400
Net unrealized and realized gain (loss) on investments	(129,098)	-	(129,098)	(9,090)
Professional services income	18,160	-	18,160	10,603
	<b>1,316,911</b>	<b>100,158</b>	<b>1,417,069</b>	1,476,514
Net assets release from restrictions	44,417	(44,417)	-	-
<b>Total support and revenue</b>	<b>1,361,328</b>	<b>55,741</b>	<b>1,417,069</b>	1,476,514
 <b>EXPENSES</b>				
Program grants and distributions	561,385	-	561,385	908,742
Program services	173,010	-	173,010	118,696
Supporting services				
Accounting and legal	27,698	-	27,698	19,520
Insurance	2,088	-	2,088	1,881
Fundraising	7,752	-	7,752	5,142
General and administrative	4,572	-	4,572	4,688
Office	2,085	-	2,085	10,070
Investment fees	10,970	-	10,970	7,186
<b>Total expenses</b>	<b>789,560</b>	<b>-</b>	<b>789,560</b>	1,075,925
 <b>Change in net assets</b>	<b>571,767</b>	<b>55,741</b>	<b>627,508</b>	400,589
 <b>Net assets, beginning of year</b>	<b>1,991,611</b>	11,000	<b>2,002,611</b>	1,602,022
 <b>Net assets, end of year</b>	<b>\$ 2,563,378</b>	<b>\$ 66,741</b>	<b>\$ 2,630,119</b>	\$ 2,002,611

See accompanying notes and independent accountant's review report.

**COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with December 31, 2014 comparative totals)**

	2015	2014
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 627,508	\$ 400,589
Adjustments to reconcile change in net assets to net cash provided by operations:		
Realized (gain) on investments	5,454	9,213
Net unrealized (gain) on investments	(134,402)	(34,869)
Donated valued of investment securities	(16,640)	(52,122)
Changes in assets and liabilities:		
Decrease (increase) in contribution receivable	(66,434)	(8,566)
(Increase) in prepaid expenses	3,842	(21,494)
Increase (decrease) in account payable	88	(32,265)
<b>Net cash provided by operating activities</b>	<b>419,416</b>	<b>260,486</b>
<b>Cash Flows From Investing Activities</b>		
Liquidation of investments	155,461	328,354
Purchase of investments	(586,124)	(579,855)
Increase (decrease) in agency endowment funds	(19,997)	(2,257)
<b>Net cash (used in) investing activities</b>	<b>(450,660)</b>	<b>(253,758)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31,244)</b>	<b>6,728</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	890,106	883,378
End of year	<b>\$ 858,862</b>	<b>\$ 890,106</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
In-kind contributions	<b>\$ 24,312</b>	<b>\$ 9,897</b>

See accompanying notes and independent accountant's review report.



# COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Business

Community Foundation for Loudoun and Northern Fauquier Counties (CF) is a nonprofit non-stock corporation located in Leesburg, Virginia, organized in 1999. CF is committed to facilitating charitable giving in order to meet the charitable, literary and educational needs of the Northern Piedmont Region of Virginia, focusing on the counties of Loudoun and Fauquier. CF is committed to the growth of charitable endowment as the most effective means to support the needs of the community.

### Note 2. Significant Accounting Policies

The financial statements of CF have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted Net Assets:* Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Assets:* Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

*Property, Equipment and Depreciation:* Property and equipment are recorded at cost. Depreciation of property and equipment is computed principally on the straight-line method over the estimated useful lives of five to ten years.

*Income Taxes:* CF was granted exemption from federal income tax under IRC Section 501(c)(3) and classified as a non-private foundation under IRC Section 509 (9)(1) December 7, 1999. Consequently there is no provision for federal income taxes or unrelated business taxable income. The Organization has adopted the uncertainty in income taxes guidance under ASC Topic 740, *Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of this guidance. Income tax reporting years open for IRS audit includes 2012, 2013, 2014 and 2015.

*Cash and Cash Equivalents:* For purposes of reporting cash flows, CF considers all cash on demand deposits, money market deposits, cash management accounts and certificates of deposit, with maturities of three months or less or accessible on demand, to be cash equivalents.

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realized value.

# COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Significant Accounting Policies (continued)

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

*Revenue Recognition:* Program fees, memberships and grants are reported as income when received.

*Agency and Non-Agency Endowment Funds:* The CF reports charitable agency and non-agency donor contributions in accordance with the guidance of FAS No 136 contained in ASC Topic 958, *Not-for-profit entities*:

*Agency Endowment Funds:* Agency endowment funds are established for transactions in which CF accepts contributions from charitable agency donors. CF agrees to transfer back to the donor agency parts or all of those assets and investment returns. CF maintains variance power and legal ownership of agency endowment funds, reporting the funds as an asset with a corresponding agency obligation liability.

*Non-Agency Endowment Funds:* Donations received from individuals or non-agency charitable organizations are reported as unrestricted charitable donations. CF has the ability to remove any donor restriction and maintains this variance power and legal ownership. This variance power does not alter the foundation's policy to distribute the donated assets within the intention of the donor. CF maintains these donated assets into component funds aligned with donor intentions.

### Note 3. Cash and Cash Equivalents

CF maintains cash banking balances at Middleburg Bank and John Marshall Bank. Account balances up to \$250,000 at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2015, FDIC uninsured cash balances at Middleburg Bank totaled \$376,894. CF has not experienced any losses on such accounts and believes it is not exposed to any significant credit risks.

### Note 4. Agency Endowment Funds Held

Agency endowment funds activity for 2014 and 2015 is summarized as follows:

<u>Activity/Description</u>	<u>2015</u>	<u>2014</u>
Agency endowment funds January 1	\$ 361,825	\$ 364,082
Charitable agency funds received	500	4,070
Net investment income and unrealized gain	(12,108)	14,398
Fees and grant distributions	(8,389)	(20,725)
Agency endowment funds December 31	<u>\$ 341,828</u>	<u>\$ 361,825</u>

**COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Investments**

Investments are carried at fair value and realized and unrealized gains and losses are reported in the statement of activities. Investments received by gift are recorded at market value at the date of the donation. Investments at year end are as follows:

Type	December 31, 2015		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Exchange traded funds	\$ 56,874	\$ 45,179	\$ (11,695)
Bonds	4,050	4,002	(48)
Mutual funds	2,079,369	1,969,370	(109,999)
	<u>\$ 2,140,293</u>	<u>\$ 2,018,551</u>	<u>\$ (121,742)</u>

  

Type	December 31, 2014		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Exchange traded funds	\$ 38,984	\$ 35,447	\$ (3,537)
Mutual funds	1,366,115	1,406,853	40,738
	<u>\$ 1,405,099</u>	<u>\$ 1,442,300</u>	<u>\$ 37,201</u>

**Note 6. Administrative Income**

CF's policy was to assess each fund a fee of one percent (1%) of its market value to offset administrative costs. This inter-fund entry is eliminated for financial statement presentation. CF also assess a 2-3% fee on scholarship funds and pass through funds.

**Note 7. Contributed Services**

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A summary of 2014 and 2015 donated services is as follows:

Description/Type	2015	2014
Printing and design	\$ 54	\$ 297
CPA annual review and 990	7,460	-
Legal services	1,500	5,100
	<u>9,014</u>	<u>5,397</u>
Direct special event support	-	4,500
Direct program support	15,298	-
	<u>\$ 24,312</u>	<u>\$ 9,897</u>

# COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Legacy Gifts

CF is the beneficiary of various wills and trust agreements. The realizable amount is not presently determinable. Such amounts will be recognized and reported when the benefit gift amount is determinable.

### Note 9. Rent Expense

CF moved its office to the Healthworks building in Leesburg, Virginia in December 2014. Healthworks is providing the space to CF without charge or stated end date. The value of the space provided in 2015 is considered nominal.

### Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2015 and 2014 for following purposes:

Description	2014	Received	Released	2015
Give Choose Program	\$ 5,000	\$ 103,705	\$ (101,964)	\$ 6,741
Claude Moore Foundation	-	60,000	-	60,000
Microenterprise Fund	6,000	-	(6,000)	-
	<u>\$ 11,000</u>	<u>\$ 163,705</u>	<u>\$ (107,964)</u>	<u>\$ 66,741</u>

### Note 11. Fair Value of Financial Measurements

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2:* Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

*Exchange Traded Products:* Valued at quoted prices for identical assets in active markets.

*Mutual Funds:* Valued at quoted prices for identical assets in active markets.

**COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Fair Value of Financial Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value as of December 31, 2014 and 2015:

Investment	December 31, 2015		
	Level		
	1	2	3
Exchange traded products	\$ 45,179	\$ -	\$ -
Bonds	4,002	-	-
Mutual funds	1,969,370	-	-
	<b>\$ 2,018,551</b>	<b>\$ -</b>	<b>\$ -</b>

  

Investment	December 31, 2014		
	Level		
	1	2	3
Exchange traded products	\$ 35,447	\$ -	\$ -
Mutual funds	1,406,853	-	-
	<b>\$ 1,442,300</b>	<b>\$ -</b>	<b>\$ -</b>

**Note 12. Name Change**

During 2014 the Organization started operating as the Community Foundation for Loudoun and Northern Fauquier Counties. CF filed doing business as notice with the state in July 2014 and a final name change was completed in May 2015. The CF continues to file a DBA in the name of Piedmont Community Foundation.

**Note 13. Subsequent Events**

CF has evaluated all subsequent events through May 24, 2016, the date the financial statements were available to be issued. CF has determined there are no material subsequent events that require adjustment to or disclosure in the CF statements for the year ended December 31, 2015.

**COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES**

**SCHEDULE OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with December 31, 2014 comparative totals)**

	<u>2015</u>	<u>2014</u>
<b>OPERATIONS FUNDING</b>		
General support contributions	\$ 146,531	\$ 101,125
Administration fees	28,894	27,690
Professional services income	15,860	10,603
Miscellaneous income	1,097	1,250
Interest	2,250	1,901
In kind professional legal services	9,014	5,397
<b>Total support and revenue</b>	<u>203,646</u>	<u>147,966</u>
<b>OPERATIONS EXPENSES</b>		
Accounting and legal	26,198	19,520
Grants from annual fund	7,550	4,155
Insurance	1,339	1,881
Taxes and licenses	614	487
Office expenses	1,853	1,254
Marketing	3,336	1,659
Meetings and conferences	2,604	1,992
Miscellaneous	4,752	4,015
Postage	1,012	1,334
Grant making	-	2,475
Printing	4,322	3,782
Utilities	2,749	4,120
Rent	-	8,041
Salary and payroll taxes	76,000	72,410
<b>Total expenses</b>	<u>132,329</u>	<u>127,125</u>
<b>Net operations activity</b>	<u>\$ 71,317</u>	<u>\$ 20,841</u>

See accompanying notes and independent accountant's review report.