

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

**Leesburg, Virginia**

**FINANCIAL REPORT**

**December 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Foundation for Loudoun and Northern Fauquier Counties (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

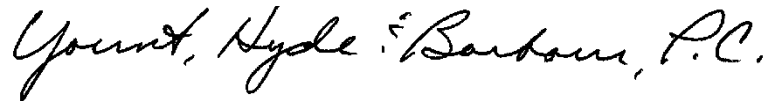
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for Loudoun and Northern Fauquier Counties as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 audits 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Winchester, Virginia  
May 21, 2021

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

**Statements of Financial Position**

December 31, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,645,650	\$ 1,625,462
Contributions receivable	372,932	454,998
Prepaid expenses	18,936	16,003
Other current assets	6,847	6,947
Investments	<u>7,958,892</u>	<u>6,393,669</u>
	<u>10,003,257</u>	<u>8,497,079</u>
<b>Property and Equipment, net</b>	<u>63,245</u>	<u>72,574</u>
Total assets	<u>\$ 10,066,502</u>	<u>\$ 8,569,653</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 29,650	\$ 33,771
Agency endowment funds	<u>505,492</u>	<u>470,893</u>
	<u>535,142</u>	<u>504,664</u>
 <b>Net Assets</b>		
Net assets without donor restrictions:		
Donor advised funds	3,892,634	3,547,214
Designated funds	1,170,707	1,110,945
Field of interest funds	2,541,365	1,738,597
Scholarship funds	900,149	833,000
Fiscally sponsored funds	88,845	35,767
Unrestricted funds	<u>564,728</u>	<u>342,866</u>
	9,158,428	7,608,389
Net assets with donor restrictions	<u>372,932</u>	<u>456,600</u>
Total net assets	<u>9,531,360</u>	<u>8,064,989</u>
Total liabilities and net assets	<u>\$ 10,066,502</u>	<u>\$ 8,569,653</u>

See Notes to Financial Statements.

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

**Statement of Activities**

For the Year Ended December 31, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 3,344,923	\$ 372,932	\$ 3,717,855
In-kind contributions	1,950	--	1,950
Component fund special events, net of expenses	(501)	--	(501)
Investment return, net	708,347	--	708,347
Other income	16,470	--	16,470
	<u>4,071,189</u>	<u>372,932</u>	<u>4,444,121</u>
Net assets released from restrictions	456,600	(456,600)	--
Total support and revenue	<u>4,527,789</u>	<u>(83,668)</u>	<u>4,444,121</u>
<b>Expenses</b>			
Grants and distributions	2,257,502	--	2,257,502
Program expenses	526,437	--	526,437
Supporting services:			
Accounting and legal	37,879	--	37,879
Insurance	5,024	--	5,024
Depreciation	9,329	--	9,329
Fundraising	61	--	61
General and administrative	58,637	--	58,637
Occupancy and telephone	82,881	--	82,881
Total expenses	<u>2,977,750</u>	<u>--</u>	<u>2,977,750</u>
Change in net assets	1,550,039	(83,668)	1,466,371
<b>Net Assets, beginning of year</b>	<u>7,608,389</u>	<u>456,600</u>	<u>8,064,989</u>
<b>Net Assets, end of year</b>	<u>\$ 9,158,428</u>	<u>\$ 372,932</u>	<u>\$ 9,531,360</u>

See Notes to Financial Statements.

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

**Statement of Activities**

For the Year Ended December 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 3,166,559	\$ 456,600	\$ 3,623,159
In-kind contributions	48,498	--	48,498
Component fund special events, net of expenses	16,577	--	16,577
Investment return, net	732,875	--	732,875
Other income	4,482	--	4,482
	<u>3,968,991</u>	<u>456,600</u>	<u>4,425,591</u>
Net assets released from restrictions	<u>308,350</u>	<u>(308,350)</u>	<u>--</u>
Total support and revenue	<u>4,277,341</u>	<u>148,250</u>	<u>4,425,591</u>
<b>Expenses</b>			
Grants and distributions	1,184,771	--	1,184,771
Program expenses	551,785	--	551,785
Supporting services:			
Accounting and legal	37,404	--	37,404
Insurance	3,176	--	3,176
Depreciation	2,332	--	2,332
Fundraising	77	--	77
General and administrative	42,088	--	42,088
Occupancy and telephone	<u>56,180</u>	<u>--</u>	<u>56,180</u>
Total expenses	<u>1,877,813</u>	<u>--</u>	<u>1,877,813</u>
Change in net assets	2,399,528	148,250	2,547,778
<b>Net Assets, beginning of year</b>	<u>5,208,861</u>	<u>308,350</u>	<u>5,517,211</u>
<b>Net Assets, end of year</b>	<u>\$ 7,608,389</u>	<u>\$ 456,600</u>	<u>\$ 8,064,989</u>

See Notes to Financial Statements.

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

**Statements of Cash Flows**

For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,466,371	\$ 2,547,778
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized loss (gain) on sale of investments	17,680	11,883
Unrealized (gain) loss on investments	(620,873)	(618,206)
Depreciation	9,329	2,332
Changes in assets and liabilities:		
Decrease (increase) in contributions receivable	82,066	(279,998)
(Increase) in prepaid expenses	(2,933)	(9,336)
Decrease (increase) in other current assets	100	(6,947)
Increase in agency endowment funds	34,599	92,623
(Decrease) in accounts payable and accrued expenses	(4,121)	(936)
Net cash provided by operating activities	982,218	1,739,193
 <b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	- -	(74,906)
Purchase of investments	(5,927,981)	(4,743,368)
Proceeds from sale of investments	4,965,951	3,408,440
Net cash (used in) investing activities	(962,030)	(1,409,834)
 Net change in cash and cash equivalents	20,188	329,359
 <b>Cash and Cash Equivalents</b>		
Beginning of year	1,625,462	1,296,103
 End of year	\$ 1,645,650	\$ 1,625,462
 <b>Supplemental Disclosure of Cash Flow Information,</b>		
in-kind contributions	\$ 1,950	\$ 52,746

See Notes to Financial Statements.



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

**Notes to Financial Statements**

**Note 1. The Organization**

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

Beginning around March 2020, the COVID-19 virus was declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**Note 2. Significant Accounting Policies**

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## Notes to Financial Statements

### Property, Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation of property and equipment is computed on the straight-line method over the estimate useful lives of five to ten years. Depreciation expense was \$9,329 and \$2,332 at December 31, 2020 and 2019, respectively.

### Income Taxes

The Foundation 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) on December 7, 1999. Consequently, there is no provision federal income taxes or unrelated business taxable income.

The Foundation has adopted the uncertainty in income taxes guidance under ASC Topic 740, *Income Taxes*. Management has evaluated the Foundation'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. In addition to 2020, income tax reporting years open for IRS audit includes 2017, 2018 and 2019.

### Cash and Cash Equivalents

The Foundation considers cash in demand deposit and other highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains cash banking balances at two banks. Account balances up to \$250,000 at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). The balances in these accounts at times may exceed federally insured limits. The Foundation utilizes an insured cash sweep (ISC) system to limit any significant credit risk as a result of these deposits.

### Use of 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 the reported amounts of assets and liabilities and the disclosure of contingent asset and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

### Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Gifts of cash and other assets for the general use and benefit of the Foundation are presented as net assets without donor restrictions. Other contributions are presented as net assets with donor restrictions if they are received with donor stipulations that further 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. Restricted revenue whose restrictions are met in the same year is reflected as unrestricted revenue. Promises to give are recognized as revenue when the pledge is received from a donor and as an expense when payment is authorized by the Board of Directors.

## Notes to Financial Statements

### Agency and Non-Agency Endowment Funds

The Foundation reports charitable agency and non-agency donor contributions in accordance with the guidance contained in ASC Topic 958, *Not-for-Profit Entities*:

*Agency Endowment Funds:* Agency endowment funds are established for transactions in which the Foundation accepts contributions from charitable agency donors. The Foundation agrees to transfer back to the donor agency parts or all of those assets and/or investment returns. The Foundation maintains variance power and legal ownership of agency endowment funds, reporting the funds as an assets 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. The Foundation 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. The Foundation maintains these donated assets into component funds aligned with donor intentions.

### Allocation Methodology for the Schedule of Functional Expenses

The cost of providing various programs and activities has been summarized in the schedule of functional expenses. Certain costs have been allocated among program, management and general, and fundraising. Such allocations have been made by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Program grants and distributions	Direct
Accounting and legal	Direct/Time and Effort
Annual report	Direct
Community workshops	Direct
Contract services	Direct
Depreciation	Direct/Time and Effort
Fees	Direct
Fundraising	Direct
Insurance	Direct
Interest	Direct
Office expenses	Time and effort
Marketing and outreach	Direct
Meetings and conferences	Time and effort
Membership	Direct
Miscellaneous	Direct
Postage	Time and effort
Printing	Direct
Rent	Direct/Time and Effort
Repairs and maintenance	Direct
Salary and payroll taxes	Time and effort
Stewardship of donors	Direct
Taxes and licenses	Time and effort
Travel	Direct
Utilities	Time and effort
Web and software	Time and effort

## Notes to Financial Statements

### New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Foundation for its year ending December 31, 2022. Early adoption is permitted. The Foundation is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

### Note 3. Liquidity and Availability

The Foundation has \$602,965 and \$385,058 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial assets, at year-end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,645,650	\$ 1,625,462
Contributions receivable	372,932	454,998
Investments	<u>7,958,892</u>	<u>6,393,669</u>
Total financial assets	<u>9,977,474</u>	<u>8,474,129</u>
Less those unavailable for general expenditure within one year, due to:		
Donor advised funds	3,884,274	3,506,394
Designated funds	1,133,042	1,082,795
Field of interest funds	2,490,305	1,717,597
Scholarship funds	899,619	819,025
Fiscal sponsors	88,845	35,767
Agency funds	505,492	470,893
Restricted by donor or time	<u>372,932</u>	<u>456,600</u>
Financial assets not available to be used within one year	<u>9,374,509</u>	<u>8,089,071</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 602,965</u>	<u>\$ 385,058</u>

### Note 4. Contributions Receivable

The Foundation had one outstanding contribution receivable of \$372,932 and \$454,998 at December 31, 2020 and 2019, respectively. As the receivable was paid to the Foundation subsequent to year-end, no allowance or present value discount was recorded at December 31, 2020 or 2019.

## Notes to Financial Statements

### Note 5. Agency Endowment Funds Held

Agency endowment funds for 2020 and 2019, is summarized as follows:

Agency endowment funds, January 1, 2019		378,270
Charitable agency funds received		43,207
Investment return, net		67,178
Fees and grant distributions		<u>(17,762)</u>
Agency endowment funds, December 31, 2019	\$	470,893
Charitable agency funds received		10,188
Investment return, net		43,121
Fees and grant distributions		<u>(18,710)</u>
Agency endowment funds, December 31, 2020	\$	<u><u>505,492</u></u>

### Note 6. Prior Period Adjustment

The Foundation's financial statements for the year ended December 31, 2019 have been restated to reclassify funds received from net assets without donor restrictions to agency endowment funds. The adjustment resulted in an increase in agency endowment funds and a decrease in contributions and net assets without donor restrictions of \$40,807 for the year ended December 31, 2019.

### Note 7. 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. Long-term investments, including endowments as well as other funds, as of December 31, 2020 and 2019, are as follows:

		<b>2020</b>	
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Appreciation</b>
Cash and cash equivalents	\$ 559,913	\$ 559,913	\$ - -
Exchange traded funds	3,708,177	4,332,728	624,551
Equities	224,953	274,552	49,599
Fixed income securities	871,325	925,308	53,983
Mutual funds	<u>1,634,936</u>	<u>1,866,391</u>	<u>231,455</u>
	<u>\$ 6,999,304</u>	<u>\$ 7,958,892</u>	<u>\$ 959,588</u>

## Notes to Financial Statements

	2019		
	Cost	Fair Market Value	Unrealized Appreciation
Cash and cash equivalents	\$ 919,173	\$ 919,173	\$ - -
Exchange traded funds	2,615,851	2,884,708	268,857
Equities	30,975	39,343	8,368
Fixed income securities	888,332	917,212	28,880
Mutual funds	1,526,734	1,633,233	106,499
	\$ 5,981,065	\$ 6,393,669	\$ 412,604

Investment return, net consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 123,111	\$ 138,502
Net realized investment gains	(17,680)	(11,883)
Net unrealized investment (loss) gain	620,873	618,206
Investment fees	(17,957)	(11,950)
	\$ 708,347	\$ 732,875

### Note 8. Administrative Income

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

### Note 9. 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 the 2020 and 2019 donated services, is as follows:

	2020	2019
Printing and design	\$ - -	\$ 1,338
Rent	- -	14,000
Legal	500	11,080
Executive coaching program	- -	18,780
Other	1,450	3,300
	\$ 1,950	\$ 48,498

## Notes to Financial Statements

### Note 10. Legacies Not Yet Recognizable

The Foundation is the beneficiary of various wills and trust agreements. The total realizable amount is not presently determinable. Such amounts will be recognized in the financial statements when clear title is established, and the proceeds are measurable.

### Note 11. Leases

The Foundation had office space in the Healthworks building in Leesburg, Virginia in 2019. Healthworks provided the space to the Foundation without charge or stated end date. There was \$14,000 of rent recorded as in-kind in 2019.

During 2019, the Foundation entered into an agreement to rent office space for an initial base rent of \$6,667 per month with an annual increase of 3%. The lease term is August 1, 2019 through May 1, 2024. The future minimum lease payments are as follows:

2021	\$	83,430
2022		85,933
2023		88,511
2024		<u>30,014</u>
	\$	<u>287,888</u>

Rent expense for the year ended December 31, 2020 and 2019 was \$74,933 and \$49,087, respectively.

### Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Program operations	\$ - -	\$ 4,600
Time restricted	<u>372,932</u>	<u>452,000</u>
	<u>\$ 372,932</u>	<u>\$ 456,600</u>

## Notes to Financial Statements

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
New office costs and operating expenses	\$ 4,600	\$ 124,550
Strategic plan	-	8,800
Time restricted	<u>452,000</u>	<u>175,000</u>
	<u>\$ 456,600</u>	<u>\$ 308,350</u>

### Note 13. Fair Value of Financial Measurements

Accounting standards establish 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



## Notes to Financial Statements

The following is a description of the valuation methodologies used for instruments measured at fair value:

*Cash Equivalents:* Money market funds and other cash equivalents are valued at a constant net asset value of \$1.00 per share, which approximates fair market value. Money market funds are primarily invested in short-term US Treasury and government backed securities. There are no limitations on redemption or unfunded commitments related to these investments. Fair value is determined using Level 1 inputs.

*Fixed Income Securities, Equity Securities, Exchange Traded Funds, and Mutual Funds:* Equity securities and mutual funds, for which a quoted market price is available on an active market, are valued according to Level 1 inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2020 and 2019:

<b>Investment</b>	<b>2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 559,913	\$ --	\$ --
Exchange traded funds	4,332,728	--	--
Equities	274,552	--	--
Fixed income securities	925,308	--	--
Mutual funds	1,866,391	--	--
	<b>\$ 7,958,892</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Investment</b>	<b>2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 919,173	\$ --	\$ --
Exchange traded funds	2,884,708	--	--
Equities	39,343	--	--
Fixed income securities	917,212	--	--
Mutual funds	1,633,233	--	--
	<b>\$ 6,393,669</b>	<b>\$ --</b>	<b>\$ --</b>

### Note 14. Commitments and Contingencies

On October 1, 2018, the Organization pledged up to a \$330,000 grant over a multi-year period. Multiple annual installments of up to \$110,000 are contingent upon certain conditions. In November 2019, the Organization granted one installment of \$55,834 after conditions were met. No installment was provided during the 2020 calendar year. A second installment of \$55,834 was issued in April 2021. If all future conditions are met, the remaining obligation is \$110,000.

## Notes to Financial Statements

### Note 15. Retirement Plan

The Foundation provides up to a 3% match to all participating employees through a Simple IRA. Participating employees make discretionary contributions. The Foundation made 3% contributions to the plan for the years ended December 31, 2020 and 2019 of \$5,655 and \$6,118, respectively.

### Note 16. Paycheck Protection Program

During the year ended December 31, 2020, the Foundation received a \$43,800 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the United States Small Business Administration (SBA). The loan accrued interest at 1% with a maturity of two years from the date of the loan. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. As of December 31, 2020, the loan and accrued interest had been formally forgiven. This was recognized as revenue on the Statement of Activities for the year ended December 31, 2020.

### Note 17. Property and Equipment

A summary of property and equipment as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 56,519	\$ 56,519
Furniture and fixtures	<u>20,277</u>	<u>20,277</u>
	\$ 76,796	\$ 76,796
Less accumulated depreciation	<u>13,551</u>	<u>4,222</u>
	<u>\$ 63,245</u>	<u>\$ 72,574</u>

## Notes to Financial Statements

### Note 18. Schedules of Functional Expenses

A breakdown of expenses by nature and function for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	Program	Management and General	Fundraising	Total
Program grants and distributions	\$ 2,257,502	\$ --	\$ --	\$ 2,257,502
Accounting and legal	26,004	11,633	242	37,879
Annual report	3,148	--	--	3,148
Community workshops	5,583	--	--	5,583
Contract services	154,114	--	--	154,114
Depreciation	8,698	548	83	9,329
Fees	--	--	8,091	8,091
Fundraising	--	--	61	61
Insurance	2,388	2,636	--	5,024
Interest	2	--	--	2
Office expenses	15,838	999	151	16,988
Marketing and outreach	25,745	--	--	25,745
Meetings and conferences	3,205	202	30	3,437
Membership	15,473	--	--	15,473
Miscellaneous	26,068	--	--	26,068
Postage	681	--	--	681
Printing	1,791	--	--	1,791
Rent	69,865	4,405	664	74,934
Repairs and maintenance	3,606	227	34	3,867
Salary and payroll taxes	209,556	24,380	13,072	247,008
Social Impact Institute	31,616	--	--	31,616
Stewardship of donors	452	--	--	452
Taxes and licenses	970	--	--	970
Travel	180	--	--	180
Utilities	7,410	467	70	7,947
Web and software	37,164	2,343	353	39,860
	\$ 2,907,059	\$ 47,840	\$ 22,851	\$ 2,977,750

## Notes to Financial Statements

	2019			
	Program	Management and General	Fundraising	Total
Program grants and distributions	\$ 1,184,771	\$ --	\$ --	\$ 1,184,771
Accounting and legal	24,311	12,286	807	37,404
Annual report	3,010	--	--	3,010
Community workshops	17,837	--	--	17,837
Contract services	210,374	--	--	210,374
Depreciation	2,124	135	73	2,332
Fees	--	--	8,756	8,756
Fundraising	--	--	77	77
Insurance	2,074	1,102	--	3,176
Interest	46	--	--	46
Office expenses	9,462	1,063	578	11,103
Marketing and outreach	39,797	--	--	39,797
Meetings and conferences	5,161	580	315	6,056
Membership	13,745	--	--	13,745
Miscellaneous	2,847	5,133	--	7,980
Postage	1,316	148	80	1,544
Printing	6,153	--	--	6,153
Rent	45,047	3,455	585	49,087
Repairs and maintenance	2,443	274	149	2,866
Salary and payroll taxes	192,627	21,650	11,743	226,020
Stewardship of donors	1,093	--	--	1,093
Taxes and licenses	592	--	--	592
Travel	3,048	--	--	3,048
Utilities	6,279	571	243	7,093
Web and software	28,854	3,240	1,759	33,853
	\$ 1,803,011	\$ 49,637	\$ 25,165	\$ 1,877,813

### Note 19. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 21, 2021, the date the financial statements were available to be issued. The Foundation has determined there are no subsequent events that require recognition or disclosure.

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

**Schedules of Operations**

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Support and Revenue</b>		
General support contributions	\$ 589,696	\$ 537,090
Administration fees	99,676	64,430
Investment income	10,786	11,757
In-kind	500	29,718
Other income	<u>18,693</u>	<u>11,206</u>
Total support and revenue	<u>719,351</u>	<u>654,201</u>
<b>Expenses</b>		
Accounting and legal	37,879	37,404
Annual report	3,148	3,010
Community workshops	200	13,139
Contact services	700	11,396
Depreciation	9,329	2,429
Fundraising	60	77
Grants from annual fund	71,403	28,459
Insurance	4,196	3,176
In-kind rent	--	14,000
Interest	2	46
Marketing and outreach	14,149	38,410
Meetings and conferences	--	3,280
Membership	14,415	13,100
Miscellaneous	7,110	5,057
Office expenses	6,890	10,876
Postage	681	1,478
Printing	1,207	2,171
Rent	74,933	35,087
Repairs and maintenance	3,867	2,866
Research and development	3,243	--
Salary and payroll taxes	247,009	226,020
Stewardship of donors	224	--
Taxes and licenses	370	592
Travel	15	1,820
Utilities and telephone	4,780	7,093
Web and software	<u>23,470</u>	<u>14,290</u>
Total expenses	<u>529,280</u>	<u>475,276</u>
 Net operations	 <u>\$ 190,071</u>	 <u>\$ 178,925</u>