

Financial Statements

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN
FAUQUIER COUNTIES

December 31, 2014

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.

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

J. Bradley Davis, President
Kristen Langhorne, Vice President
Sandra L. Atkins, CPA, PFS Treasurer
Susan D. Webb, Secretary

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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
Middleburg, 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, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued 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. We believe that the results of our procedures provide a reasonable basis for our report.

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

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedule of operations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Leesburg, Virginia
April 23, 2015

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

(with December 31, 2013 comparative totals)

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 876,456	\$ 873,213
Contributions pledged receivable	13,566	5,000
Prepaid expenses	24,214	2,720
Investments, at fair value	1,455,950	1,123,186
Total assets	\$ 2,370,186	\$ 2,004,119
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 5,750	\$ 38,015
Agency endowment funds	361,825	364,082
	367,575	402,097
Net Assets		
Unrestricted:		
Donor advised endowment	\$ 144,430	\$ 142,787
Designated endowment	367,261	360,903
Field of interest endowment	1,198,766	839,640
Unrestricted endowment	36,706	38,457
Unrestricted	244,448	202,235
	1,991,611	1,584,022
Temporarily restricted	11,000	18,000
Total net assets	2,002,611	1,602,022
Total liabilities and net assets	\$ 2,370,186	\$ 2,004,119

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, 2014
(with December 31, 2013 comparative totals)

	2014			2013
	Unrestricted	Temporarily Restricted	Totals	
SUPPORT AND REVENUE				
Contributions	\$1,349,574	\$ 11,000	1,360,574	1,162,776
In kind contributions	5,397	-	5,397	17,528
Special events (net of expense)	-	-	-	22,805
Component fund special events (net of expense)	56,630	-	56,630	11,278
Interest and dividend income	52,400	-	52,400	40,580
Net unrealized and realized gain (loss) on investments	(9,090)	-	(9,090)	89,403
Miscellaneous income	10,603	-	10,603	-
Total support and revenue	1,465,514	11,000	1,476,514	1,344,369
EXPENSES				
Program grants and distributions	908,742	-	908,742	597,213
Program services	118,458	-	118,458	128,636
Supporting services				
Accounting and legal	19,520	-	19,520	19,735
Insurance	1,881	-	1,881	1,751
Fundraising	4,572	-	4,572	4,231
General and administrative	5,496	-	5,496	5,364
Occupancy	10,070	-	10,070	9,650
Investment fees	7,186	-	7,186	3,919
Total expenses	1,075,925	-	1,075,925	770,499
Change in net assets	389,589	11,000	400,589	573,870
Net assets, beginning of year	1,602,022	-	1,602,022	1,028,152
Net assets, end of year	\$1,991,611	\$ 11,000	\$2,002,611	\$ 1,602,022

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, 2014 (with December 31, 2013 comparative totals)

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	\$ 400,589	573,870
Adjustments to reconcile change in net assets to net cash provided by operations:		
Realized (gain) on investments	(4,668)	(37,835)
Net unrealized (gain) on investments	(34,869)	(61,512)
Donated value of investment securities	(52,122)	(53,190)
Changes in assets and liabilities:		
Decrease in contribution receivable	(8,566)	7,165
(Increase) in prepaid expenses	(21,494)	(768)
Increase in account payable	(32,265)	25,882
Net cash provided by operating activities	246,604	453,612
Cash Flows From Investing Activities		
Liquidation of investments	328,354	1,139,058
Purchase of investments	(569,458)	(1,199,933)
Increase in agency endowment funds	(2,257)	45,916
Net cash (used in) investing activities	(243,361)	(14,959)
Net increase in cash and cash equivalents	3,243	438,653
Cash and Cash Equivalents		
Beginning of year	873,213	434,560
End of year	\$ 876,456	873,213
Supplemental Disclosure of Cash Flow Information		
In-kind contributions	\$ 9,897	33,673

See accompanying notes and independent accountant's review report.

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business

Community Foundation for Loudoun and Northern Fauquier Counties (CF) is a nonprofit non-stock corporation located in Middleburg, 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 2011, 2012, 2013 and 2014.

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

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 Access National Bank. Account balances up to \$250,000 at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2014, FDIC uninsured cash balances at Middleburg Bank totaled \$442,707. 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 2013 and 2014 is summarized as follows:

Activity/Description	2014	2013
Agency endowment funds January 1	\$ 364,082	\$ 318,166
Charitable agency funds received	4,070	-
Net investment income and unrealized gain	14,398	55,151
Fees and grant distributions	(20,725)	(9,235)
Agency endowment funds December 31	<u>\$ 361,825</u>	<u>\$ 364,082</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:

December 31, 2014			
Type	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Money funds and deposits	\$ 13,650	\$ 13,650	-
Exchange traded products	38,984	35,447	(3,537)
Mutual funds	1,368,442	1,406,853	38,411
	<u>\$ 1,421,076</u>	<u>\$ 1,455,950</u>	<u>\$ 34,874</u>

December 31, 2013			
Type	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Money funds and deposits	\$ 10,165	\$ 10,165	-
Exchange traded products	28,132	30,132	2,000
Mutual funds	1,030,521	1,082,889	52,368
	<u>\$ 1,068,818</u>	<u>\$ 1,123,186</u>	<u>\$ 54,368</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.

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 2013 and 2014 donated services is as follows:

Description/Type	2014	2013
Printing and design	\$ 297	\$ 13,528
Event support	-	-
Legal services	5,100	4,000
	<u>5,397</u>	<u>17,528</u>
Direct special event support	4,500	16,145
	<u>\$ 9,897</u>	<u>\$ 33,673</u>

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

NOTES TO FINANCIAL STATEMENTS

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 leased its administrative office space in Middleburg, Virginia through mid December 2014. December 18, 2014 CF moved to office space in Leesburg, Virginia which is being provided free of charge by Healthworks. The rental agreement does not have an end date.

Note 10. Line of Credit

CF has secured a \$50,000 line of credit with Middleburg Bank. The terms of the line of credit include: interest rate at 2 points over the Wall Street Journal Prime Rate, with a floor of 5%, unsecured, and due upon demand. At December 31, 2014 there was no outstanding balance.

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2014 and 2013 for following purposes:

Description	2013	Received	Released	2014
Child and Families Fund	\$ 1,250	\$ 500	\$ (1,750)	\$ -
Give Choose		\$ 5,000		\$ 5,000
Microenterprise Fund	16,750	20,000	(30,750)	6,000
	<u>\$ 18,000</u>	<u>\$ 25,500</u>	<u>\$ (32,500)</u>	<u>\$ 11,000</u>

Note 12. 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:

Marketable Equity Securities: Valued at quoted prices for identical assets in active markets.

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

NOTES TO FINANCIAL STATEMENTS

Note 12. 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, 2013 and 2014:

Investment	December 31, 2014		
	Level		
	1	2	3
Money funds and deposits	\$ 13,650	\$ -	\$ -
Exchange traded products	35,447	-	-
Mutual funds	1,406,853	-	-
	\$1,455,950	\$ -	\$ -

Investment	December 31, 2013		
	Level		
	1	2	3
Money funds and deposits	\$ 10,165	\$ -	\$ -
Exchange traded products	30,132	-	-
Mutual funds	1,082,889	-	-
	\$ 1,123,186	\$ -	\$ -

Note 13. 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.

Note 14. Subsequent Events

CF has evaluated all subsequent events through April 23, 2015, 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, 2014.

COMMUNITY FOUNDATION FOR LOUDOUN AND NORTHERN FAUQUIER COUNTIES

SCHEDULE OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
OPERATIONS FUNDING		
General support contributions	\$ 101,125	\$ 90,820
1% administration fee	18,882	13,854
2% pass through fee	8,808	8,364
Miscellaneous income	11,853	-
Interest	1,901	-
In kind professional legal services	5,397	4,000
Total support and revenue	147,966	117,038
OPERATIONS EXPENSES		
Accounting and legal	19,520	19,735
Grants from annual fund	4,155	-
Insurance	1,881	1,751
Taxes and licenses	487	225
Office expenses	1,254	1,723
Marketing	1,659	-
Meetings and conferences	1,992	-
Miscellaneous	4,015	1,133
Postage	1,334	1,878
Grant making	2,475	-
Printing	3,782	5,507
Utilities	4,120	2,912
Rent	8,042	9,650
Salary and payroll taxes	72,410	72,524
Total expenses	127,125	117,038
Net operations activity	\$ 20,841	\$ -