

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

Leesburg, Virginia

FINANCIAL REPORT

December 31, 2021

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50 S. Cameron St.
Winchester, VA 22601

540.662.3417

YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).



Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS 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.

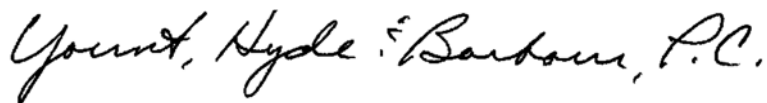
In performing an audit in accordance with GAAS, we:

- 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 the Foundation'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Operations 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 26, 2022

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

Statements of Financial Position

December 31, 2021 and 2020

Assets	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,547,644	\$ 1,645,650
Contributions receivable	366,424	372,932
Prepaid expenses	5,657	18,936
Other current assets	6,667	6,847
Investments	9,784,993	7,958,892
	<u>11,711,385</u>	<u>10,003,257</u>
Property and Equipment, net	<u>57,826</u>	<u>63,245</u>
 Total assets	 <u>\$ 11,769,211</u>	 <u>\$ 10,066,502</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 29,718	\$ 29,650
Agency endowment funds	<u>569,884</u>	<u>505,492</u>
	<u>599,602</u>	<u>535,142</u>
 Net Assets		
Net assets without donor restrictions:		
Donor advised funds	4,733,722	3,892,634
Designated funds	1,414,715	1,170,707
Field of interest funds	3,060,632	2,541,365
Scholarship funds	996,394	900,149
Fiscally sponsored funds	22,787	88,845
Unrestricted funds	<u>574,935</u>	<u>564,728</u>
	10,803,185	9,158,428
Net assets with donor restrictions	<u>366,424</u>	<u>372,932</u>
Total net assets	<u>11,169,609</u>	<u>9,531,360</u>
 Total liabilities and net assets	 <u>\$ 11,769,211</u>	 <u>\$ 10,066,502</u>

See Notes to Financial Statements.

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

Statement of Activities

For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 2,893,122	\$ 366,424	\$ 3,259,546
In-kind contributions	2,063	--	2,063
Component fund special events, net of expenses	29,433	--	29,433
Investment return, net	1,073,454	--	1,073,454
Other income	14,495	--	14,495
	<u>4,012,567</u>	<u>366,424</u>	<u>4,378,991</u>
Net assets released from restrictions	<u>372,932</u>	<u>(372,932)</u>	<u>--</u>
Total support and revenue	<u>4,385,499</u>	<u>(6,508)</u>	<u>4,378,991</u>
 Expenses			
Grants and distributions	1,828,164	--	1,828,164
Program expenses	736,288	--	736,288
Supporting services:			
Accounting and legal	28,886	--	28,886
Insurance	5,964	--	5,964
Depreciation	9,931	--	9,931
General and administrative	37,969	--	37,969
Occupancy and telephone	93,540	--	93,540
Total expenses	<u>2,740,742</u>	<u>--</u>	<u>2,740,742</u>
 Change in net assets	1,644,757	(6,508)	1,638,249
 Net Assets, beginning of year	<u>9,158,428</u>	<u>372,932</u>	<u>9,531,360</u>
 Net Assets, end of year	<u>\$ 10,803,185</u>	<u>\$ 366,424</u>	<u>\$ 11,169,609</u>

See Notes to Financial Statements.

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

Statement of Activities

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
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
	4,071,189	372,932	4,444,121
Net assets released from restrictions	456,600	(456,600)	--
Total support and revenue	4,527,789	(83,668)	4,444,121
Expenses			
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	2,977,750	--	2,977,750
Change in net assets	1,550,039	(83,668)	1,466,371
Net Assets, beginning of year	7,608,389	456,600	8,064,989
Net Assets, end of year	\$ 9,158,428	\$ 372,932	\$ 9,531,360

See Notes to Financial Statements.

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

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 1,638,249	\$ 1,466,371
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on sale of investments	(634,889)	17,680
Unrealized (gain) on investments	(267,236)	(620,873)
Depreciation	9,931	9,329
Changes in assets and liabilities:		
Decrease in contributions receivable	6,508	82,066
Decrease (increase) in prepaid expenses	13,279	(2,933)
Decrease in other current assets	180	100
Increase in agency endowment funds	64,392	34,599
Increase (decrease) in accounts payable and accrued expenses	68	(4,121)
Net cash provided by operating activities	830,482	982,218
 Cash Flows from Investing Activities		
Purchase of property and equipment	(4,512)	--
Purchase of investments	(5,987,580)	(5,927,981)
Proceeds from sale of investments	5,063,604	4,965,951
Net cash (used in) investing activities	(928,488)	(962,030)
 Net change in cash and cash equivalents	(98,006)	20,188
 Cash and Cash Equivalents		
Beginning of year	1,645,650	1,625,462
 End of year	\$ 1,547,644	\$ 1,645,650
 Supplemental Disclosure of Cash Flow Information,		
in-kind contributions	\$ 2,063	\$ 1,950

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 \$9,931 and \$9,329 at December 31, 2021 and 2020, 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 2021, income tax reporting years open for IRS audit includes 2018, 2019 and 2020.

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	Direct/Time and Effort
Printing	Direct
Rent	Direct/Time and Effort
Repairs and maintenance	Direct/Time and Effort
Salaries, benefits and payroll taxes	Time and effort
Social Impact Institute	Direct
Stewardship of donors	Direct
Taxes and licenses	Direct/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.

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets or gifts-in-kind. ASU No. 2020-07 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 ASU 2020-07 will have on its financial statements.

Note 3. Liquidity and Availability

The Foundation has \$774,044 and \$602,965 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,547,644	\$ 1,645,650
Contributions receivable	366,424	372,932
Investments	<u>9,784,993</u>	<u>7,958,892</u>
Total financial assets	<u>11,699,061</u>	<u>9,977,474</u>
Less those unavailable for general expenditure within one year, due to:		
Donor advised funds	4,640,052	3,884,274
Designated funds	1,363,785	1,133,042
Field of interest funds	2,996,571	2,490,305
Scholarship funds	965,514	899,619
Fiscal sponsors	22,787	88,845
Agency funds	569,884	505,492
Restricted by donor or time	<u>366,424</u>	<u>372,932</u>
Financial assets not available to be used within one year	<u>10,925,017</u>	<u>9,374,509</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 774,044</u>	<u>\$ 602,965</u>

Notes to Financial Statements

Note 4. Contributions Receivable

The Foundation had an outstanding contribution receivable of \$366,424 and \$372,932 at December 31, 2021 and 2020, respectively. As the receivable was paid to the Foundation subsequent to year-end, no allowance or present value discount was recorded at December 31, 2021 or 2020.

Note 5. Agency Endowment Funds Held

Agency endowment funds for 2021 and 2020, is summarized as follows:

Agency endowment funds, December 31, 2019	\$	470,893
Charitable agency funds received		10,188
Investment return, net		43,121
Fees and grant distributions		(18,710)
Agency endowment funds, December 31, 2020		505,492
Charitable agency funds received		10,500
Investment return, net		73,627
Fees and grant distributions		(19,735)
Agency endowment funds, December 31, 2021	\$	569,884

Note 6. 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, 2021 and 2020, are as follows:

		2021	
Cost		Fair Market Value	Unrealized Appreciation
Cash and cash equivalents	\$ 128,196	\$ 128,196	\$ --
Certificates of deposits	211,684	211,684	--
Exchange traded funds	4,661,073	5,587,675	926,602
Equities	721,515	918,204	196,689
Fixed income securities	822,514	836,003	13,489
Mutual funds	1,699,118	2,103,231	404,113
	\$ 8,244,100	\$ 9,784,993	\$ 1,540,893

Notes to Financial Statements

	2020		
Cost	Fair Market Value	Unrealized Appreciation	
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	1,634,936	1,866,391	231,455
	\$ 6,999,304	\$ 7,958,892	\$ 959,588

Investment return, net consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 199,505	\$ 123,111
Net realized investment gains	634,889	(17,680)
Net unrealized investment (loss) gain	267,236	620,873
Investment fees	(28,176)	(17,957)
	\$ 1,073,454	\$ 708,347

Note 7. 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 8. 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 2021 and 2020 donated services, is as follows:

	2021	2020
Legal	\$ --	\$ 500
Other	2,063	1,450
	\$ 2,063	\$ 1,950

Notes to Financial Statements

Note 9. 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 10. Leases

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:

2022	\$	85,933
2023		88,511
2024		<u>30,014</u>
	\$	<u>204,458</u>

Rent expense for the year ended December 31, 2021 and 2020 was \$84,048 and \$74,933, respectively.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restricted	<u>\$ 366,424</u>	<u>\$ 372,932</u>
	<u>\$ 366,424</u>	<u>\$ 372,932</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
New office costs and operating expenses	\$ --	\$ 4,600
Time restricted	<u>372,932</u>	<u>452,000</u>
	<u>\$ 372,932</u>	<u>\$ 456,600</u>

Notes to Financial Statements

Note 12. 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.

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.

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2021 and 2020:

Investment	2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 128,196	\$ --	\$ --
Certificates of deposit	211,684	--	--
Exchange traded funds	5,587,675	--	--
Equities	918,204	--	--
Fixed income securities	836,003	--	--
Mutual funds	2,103,231	--	--
	\$ 9,784,993	\$ --	\$ --

Investment	2020		
	Level 1	Level 2	Level 3
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	--	--
	\$ 7,958,892	\$ --	\$ --

Note 13. Commitments and Contingencies

On October 1, 2018, the Foundation pledged up to a \$330,000 grant over a multi-year period. Multiple annual installments of up to \$110,000 were contingent upon certain conditions. In November 2019, the Foundation 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. A third and final installment of \$86,333 was issued in February 2022 fulfilling the obligation.

Note 14. 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, 2021 and 2020 of \$7,094 and \$5,655, respectively.

Note 15. 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

Notes to Financial Statements

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 16. Property and Equipment

A summary of property and equipment as of December 31, 2021 and 2020 is as follows:

	2021	2020
Leasehold improvements	\$ 56,519	\$ 56,519
Furniture and fixtures	24,789	20,277
	81,308	76,796
Less accumulated depreciation	23,482	13,551
	\$ 57,826	\$ 63,245

Note 17. Schedules of Functional Expenses

A breakdown of expenses by nature and function for the years ended December 31, 2021 and 2020 are as follows:

	2021			
	Program	Management and General	Fundraising	Total
Program grants and distributions	\$ 1,828,164	\$ --	\$ --	\$ 1,828,164
Accounting and legal	17,609	11,110	167	28,886
Annual report	4,024	--	--	4,024
Community workshops	4,158	--	--	4,158
Contract services	184,845	--	--	184,845
Depreciation	9,259	584	88	9,931
Fees	16,159	--	--	16,159
Insurance	4,023	1,941	--	5,964
Office expenses	11,803	739	112	12,654
Marketing and outreach	164,987	--	--	164,987
Meetings and conferences	1,374	78	12	1,464
Membership	18,875	--	--	18,875
Miscellaneous	280	--	--	280
Postage	907	--	--	907
Printing	955	--	--	955
Rent	78,363	4,940	745	84,048
Repairs and maintenance	6,198	391	59	6,648
Salaries, benefits and payroll taxes	248,440	28,200	14,030	290,670
Social Impact Institute	27,095	--	--	27,095
Stewardship of donors	885	--	--	885
Taxes and licenses	364	--	--	364
Utilities	8,850	558	84	9,492
Web and software	37,165	1,844	278	39,287
	\$ 2,674,782	\$ 50,385	\$ 15,575	\$ 2,740,742

Notes to Financial Statements

	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
Salaries, benefits 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

Note 18. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 26, 2022, 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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and Revenue		
General support contributions	\$ 486,649	\$ 589,696
Administration fees	125,496	99,676
Investment income	2,731	10,786
In-kind	2,063	500
Other income	<u>24,081</u>	<u>18,693</u>
Total support and revenue	<u>641,020</u>	<u>719,351</u>
 Expenses		
Accounting and legal	28,886	37,879
Annual report	4,024	3,148
Community workshops	4,158	200
Contact services	25,123	700
Depreciation	9,329	9,329
Fundraising	--	60
Grants from annual fund	40,663	71,403
Insurance	3,250	4,196
Interest	--	2
Marketing and outreach	18,699	14,149
Membership	15,270	14,415
Miscellaneous	625	7,110
Office expenses	9,874	6,890
Postage	907	681
Printing	774	1,207
Rent	84,048	74,933
Repairs and maintenance	6,648	3,867
Research and development	1,329	3,243
Salary, benefits and payroll taxes	290,668	247,009
Stewardship of donors	885	224
Taxes and licenses	364	370
Travel	--	15
Utilities and telephone	9,492	4,780
Web and software	<u>30,765</u>	<u>23,470</u>
Total expenses	<u>585,781</u>	<u>529,280</u>
 Net operations	<u>\$ 55,239</u>	<u>\$ 190,071</u>

See Independent Auditor's Report