

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

**Leesburg, Virginia**

**FINANCIAL REPORT**

**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of Community Foundation for Loudoun and Northern Fauquier Counties (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 available to be issued.

## **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.

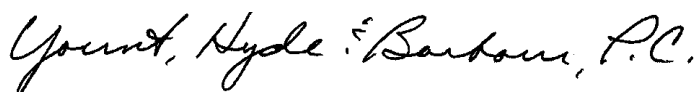
In performing an audit in accordance with GAAS, we:

- 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 2, 2024

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

**Statements of Financial Position**

December 31, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,804,377	\$ 1,485,962
Contributions and other receivables	--	25,453
Prepaid expenses	2,739	3,790
Other current assets	6,667	6,667
Investments	<u>9,346,343</u>	<u>8,334,977</u>
	<u>11,160,126</u>	<u>9,856,849</u>
<b>Property and Equipment, net</b>	<u>37,362</u>	<u>47,593</u>
<b>Right-of-Use Assets - operating</b>	<u>578,945</u>	<u>665,007</u>
 Total assets	 <u>\$ 11,776,433</u>	 <u>\$ 10,569,449</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 15,991	\$ 19,767
Agency endowment funds	513,676	462,715
Lease liability - operating	<u>596,564</u>	<u>675,114</u>
	<u>1,126,231</u>	<u>1,157,596</u>
 <b>Net Assets</b>		
Net assets without donor restrictions:		
Donor advised funds	4,095,443	3,494,271
Designated funds	1,303,396	1,137,834
Field of interest funds	3,084,771	2,742,104
Scholarship funds	1,113,945	1,030,640
Fiscally sponsored funds	25,074	22,807
Unrestricted funds	<u>717,573</u>	<u>659,197</u>
	10,340,202	9,086,853
Net assets with donor restrictions	<u>310,000</u>	<u>325,000</u>
Total net assets	<u>10,650,202</u>	<u>9,411,853</u>
 Total liabilities and net assets	 <u>\$ 11,776,433</u>	 <u>\$ 10,569,449</u>

See Notes to Financial Statements.

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

**Statement of Activities**

For the Year Ended December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions			
Contributed financial assets	\$ 2,551,573	\$ 310,000	\$ 2,861,573
Contributed nonfinancial assets	3,198	--	3,198
Investment return, net	839,384	--	839,384
Gross special events revenue			
Ticket sales and advertising	43,983	--	43,983
Contributed financial assets	181,104	--	181,104
Contributed nonfinancial assets	33,990	--	33,990
Less cost of direct benefits to donors	(124,352)	--	(124,352)
Net special events revenue	134,725	--	134,725
Other income	41,721	--	41,721
	3,570,601	310,000	3,880,601
Net assets released from restrictions	325,000	(325,000)	--
Total support and revenue	3,895,601	(15,000)	3,880,601
<b>Expenses</b>			
Grants and distributions	1,839,881	--	1,839,881
Program expenses	608,308	--	608,308
Supporting services:			
Accounting and legal	32,948	--	32,948
Insurance	6,351	--	6,351
Depreciation	10,232	--	10,232
General and administrative	38,453	--	38,453
Occupancy and telephone	106,079	--	106,079
Total expenses	2,642,252	--	2,642,252
Change in net assets	1,253,349	(15,000)	1,238,349
<b>Net Assets, beginning of year</b>	<b>9,086,853</b>	<b>325,000</b>	<b>9,411,853</b>
<b>Net Assets, end of year</b>	<b>\$ 10,340,202</b>	<b>\$ 310,000</b>	<b>\$ 10,650,202</b>

See Notes to Financial Statements.

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

**Statement of Activities**

For the Year Ended December 31, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 2,696,050	\$ 325,000	\$ 3,021,050
Investment return, net	(1,269,442)	--	(1,269,442)
Other income	19,747	--	19,747
	1,446,355	325,000	1,771,355
Net assets released from restrictions	366,424	(366,424)	--
Total support and revenue	1,812,779	(41,424)	1,771,355
<b>Expenses</b>			
Grants and distributions	2,658,733	--	2,658,733
Program expenses	685,569	--	685,569
Supporting services:			
Accounting and legal	26,088	--	26,088
Insurance	5,632	--	5,632
Depreciation	10,232	--	10,232
General and administrative	38,577	--	38,577
Occupancy and telephone	104,280	--	104,280
Total expenses	3,529,111	--	3,529,111
Change in net assets	(1,716,332)	(41,424)	(1,757,756)
<b>Net Assets, beginning of year</b>	10,803,185	366,424	11,169,609
<b>Net Assets, end of year</b>	\$ 9,086,853	\$ 325,000	\$ 9,411,853

See Notes to Financial Statements.

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

**Statements of Cash Flows**

For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,238,349	\$ (1,757,756)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized (gain) on sale of investments	(23,047)	(230,150)
Unrealized (gain) loss on investments	(610,094)	1,702,675
Depreciation	10,232	10,232
Amortization of right-of-use asset	86,061	84,792
Changes in assets and liabilities:		
Decrease in contributions and other receivables	25,453	340,971
Decrease in prepaid expenses	1,051	1,867
Increase (decrease) in agency endowment funds	50,961	(107,169)
(Decrease) in accounts payable and accrued expenses	(3,776)	(9,951)
(Decrease) in lease liabilities	(78,550)	(74,685)
Net cash provided by (used in) operating activities	696,640	(39,174)
 <b>Cash Flows from Investing Activities</b>		
Purchase of investments	(3,579,323)	(6,711,935)
Proceeds from sale of investments	3,201,098	6,689,427
Net cash (used in) investing activities	(378,225)	(22,508)
 Net change in cash and cash equivalents	318,415	(61,682)
 <b>Cash and Cash Equivalents</b>		
Beginning of year	1,485,962	1,547,644
 End of year	\$ 1,804,377	\$ 1,485,962
 <b>Supplemental Disclosure of Cash Flow Information,</b>		
in-kind contributions	\$ 37,188	\$ --
 <b>Supplemental Disclosure of Noncash Operating, Financing</b>		
<b>and Investing Activities,</b> right-of-use assets and operating lease liabilities recognized with adoption of ASC 842	\$ --	\$ 749,799

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.

**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.

**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 \$10,232 for the years ended December 31, 2023 and 2022.

**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 for federal income taxes or unrelated business taxable income.

## Notes to Financial Statements

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 2023, income tax reporting years open for IRS audit includes 2020, 2021 and 2022.

### 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 (ICS) 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 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.

### 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.

## Notes to Financial Statements

*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
Annual report	Direct
Community workshops	Direct
Contract services	Direct
Depreciation	Direct/Time and Effort
Fees	Direct
Insurance	Direct
Office expenses	Direct/Time and Effort
Marketing and outreach	Direct
Meetings and conferences	Time and effort
Membership	Direct
Miscellaneous	Direct
Postage	Direct
Printing	Direct
Lease expense	Direct/Time and Effort
Repairs and maintenance	Direct/Time and Effort
Salaries, benefits and payroll taxes	Direct/Time and Effort
Social Impact Institute	Direct
Stewardship of donors	Direct
Taxes and licenses	Direct
Travel	Direct/Time and Effort
Utilities	Direct/Time and Effort
Web and software	Time and Effort

## Notes to Financial Statements

### Recently Adopted Accounting Pronouncement

#### *Allowance for credit losses and doubtful accounts*

The Foundation adopted ASC 326, Financial Instruments-Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of December 31, 2023, and change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

### Note 3. Liquidity and Availability

The Foundation has \$891,830 and \$841,766 of financial assets available within one year of the statement of financial position 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,804,377	\$ 1,485,962
Contributions and other receivables	--	25,453
Investments	<u>9,346,343</u>	<u>8,334,977</u>
Total financial assets	<u>11,150,720</u>	<u>9,846,392</u>
Less those unavailable for general expenditure within one year, due to:		
Donor advised funds	4,039,303	3,437,531
Designated funds	1,259,449	1,086,284
Field of interest funds	3,014,483	2,678,729
Scholarship funds	1,096,905	991,560
Fiscal sponsors	25,074	22,807
Agency funds	513,676	462,715
Restricted by donor or time	<u>310,000</u>	<u>325,000</u>
Financial assets not available to be used within one year	<u>10,258,890</u>	<u>9,004,626</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 891,830</u>	<u>\$ 841,766</u>

### Note 4. Contributions Receivable

The Foundation had no outstanding contribution receivables as of December 31, 2023, and \$25,453 in contribution receivables at December 31, 2022. As the receivable in 2022 was paid to the Foundation in 2023, no allowance or present value discount was recorded at December 31, 2022.

## Notes to Financial Statements

### Note 5. Agency Endowment Funds Held

Agency endowment funds for 2023 and 2022, is summarized as follows:

Agency endowment funds, December 31, 2021	\$	569,884
Charitable agency funds received		2,575
Investment return, net		(89,948)
Fees and grant distributions		<u>(19,796)</u>
Agency endowment funds, December 31, 2022		462,715
Charitable agency funds received		15,600
Investment return, net		52,819
Fees and grant distributions		<u>(17,458)</u>
Agency endowment funds, December 31, 2023	\$	<u><u>513,676</u></u>

### 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, 2023 and 2022, are as follows:

	2023		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 657,467	\$ 657,467	\$ --
Certificates of deposits	313,620	313,620	--
Exchange traded funds	3,091,640	3,248,138	156,498
Equities	1,626,872	2,220,370	593,498
Fixed income securities	1,030,799	988,579	(42,220)
Mutual funds	<u>1,647,086</u>	<u>1,918,169</u>	<u>271,083</u>
	<u>\$ 8,367,484</u>	<u>\$ 9,346,343</u>	<u>\$ 978,859</u>

## Notes to Financial Statements

	<b>2022</b>		
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Appreciation (Depreciation)</b>
Cash and cash equivalents	\$ 302,380	\$ 302,380	\$ --
Certificates of deposits	311,776	311,776	--
Exchange traded funds	2,625,789	2,571,652	(54,137)
Equities	1,716,167	1,980,687	264,520
Fixed income securities	864,501	812,548	(51,953)
Mutual funds	2,250,291	2,355,934	105,643
	\$ 8,070,904	\$ 8,334,977	\$ 264,073

Investment return, net consisted of the following for the years ended December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 235,987	\$ 231,831
Net realized investment gains	23,047	230,150
Net unrealized investment gain (loss)	610,094	(1,702,675)
Investment fees	(29,744)	(28,748)
	\$ 839,384	\$ (1,269,442)

### 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. In-Kind Contributions

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

## Notes to Financial Statements

The Foundation received the following contributed services and non-financial assets during the years ended December 31, 2023 and 2022, which are included in the statements of activities:

	<u>2023</u>	<u>2022</u>
Event supplies and services	\$ 19,178	\$ --
Investment broker fees	<u>3,198</u>	<u>--</u>
	22,376	--
Donated auction items	<u>14,812</u>	<u>--</u>
	<u>\$ 37,188</u>	<u>\$ --</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated auction items were valued at the sale price received during the auction on the day of the event.

Other event services related to \$10,000 of professional planning services as well as \$9,178 in various event supplies. Contributed planning services were recognized at fair value based on current rates for similar services and event supplies were valued using the estimated U.S. wholesale prices (principal market) for similar items. Both are netted with special events revenue on the statement of activities.

Investment broker fees provided by the Foundation's brokers for various investment management fees. Contributed investment broker fees were recognized at fair value based on current rates for similar services and are netted with investment return on the statement of activities.

The Foundation does not have a policy to monetize any contributed non-financial assets received; the Foundation intends to use any other in-kind contributions for its program and support services.

### **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. Lease Commitments and Subsequent Events**

The Foundation is the lessee of office space in Leesburg, Virginia. The Foundation entered into a lease agreement during 2019 requiring monthly payments of \$6,667 per month with an annual increase of 3%. The original lease term is May 1, 2019 through May 1, 2024, with two three year extensions through May 1, 2030. The first three year extension was made subsequent to year end.

## Notes to Financial Statements

The following table presents the maturity of the Foundation's operating lease liability on an undiscounted cash flow basis and reconciliation of the operating lease liability recognized in the Foundation's statement of financial position as of December 31, 2023:

### **For Years Ending December 31,**

2024	\$	91,841
2025		94,597
2026		97,435
2027		100,358
2028		103,369
Thereafter		<u>142,307</u>
		629,907
Imputed interest		<u>(33,343)</u>
Present value of operating lease payments	\$	<u><u>596,564</u></u>

Lease expense for the years ended December 31, 2023 and 2022 were \$96,676 and \$ 96,677, respectively. As of December 31, 2023 and 2022, the Foundation's weighted average discount rate was 1.66% and weighted average remaining lease term was 6.33 and 7.33 years, respectively.

### **Note 11. Net Assets With Donor Restrictions**

Net assets with donor restrictions were restricted for the following purposes at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time restricted	<u>\$ 310,000</u>	<u>\$ 325,000</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time restricted	<u>\$ 325,000</u>	<u>\$ 366,424</u>



## Notes to Financial Statements

### Note 12. Fair Value of Financial Instruments

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 and 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.

*Certificates of Deposit:* Certificates of deposit are valued by the custodians using pricing models based on time to maturity and stated interest rates and are classified within Level 2.

*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, 2023 and 2022:

<b>Investment</b>	<b>2023</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 657,467	\$ --	\$ --
Certificates of deposit	--	313,620	--
Exchange traded funds	3,248,138	--	--
Equities	2,220,370	--	--
Fixed income securities	988,579	--	--
Mutual funds	1,918,169	--	--
	<u>\$ 9,032,723</u>	<u>\$ 313,620</u>	<u>\$ --</u>
	<b>2022</b>		
<b>Investment</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 302,380	\$ --	\$ --
Certificates of deposit	--	311,776	--
Exchange traded funds	2,571,652	--	--
Equities	1,980,687	--	--
Fixed income securities	812,548	--	--
Mutual funds	2,355,934	--	--
	<u>\$ 8,023,201</u>	<u>\$ 311,776</u>	<u>\$ --</u>

### Note 13. 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, 2023 and 2022 of \$7,592 and \$ 7,924, respectively.

## Notes to Financial Statements

### Note 14. Property and Equipment

A summary of property and equipment as of December 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Leasehold improvements	\$ 56,519	\$ 56,519
Furniture and fixtures	24,789	24,789
	81,308	81,308
Less accumulated depreciation	43,946	33,715
	\$ 37,362	\$ 47,593

### Note 15. Schedules of Functional Expenses

A breakdown of expenses by nature and function for the years ended December 31, 2023 and 2022 are as follows:

	<b>2023</b>			
<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Program grants and distributions	\$ 1,839,881	\$ --	\$ --	\$ 1,839,881
Accounting and legal	--	32,948	--	32,948
Annual report	5,654	--	--	5,654
Community workshops	15,994	--	--	15,994
Contract services	133,844	--	--	133,844
Depreciation	9,446	593	193	10,232
Fees	15,287	--	--	15,287
Insurance	4,552	1,799	--	6,351
Office expenses	9,712	610	198	10,520
Marketing and outreach	67,860	--	--	67,860
Meetings and conferences	1,071	67	22	1,160
Membership	11,418	--	--	11,418
Postage	1,978	--	--	1,978
Printing	3,776	--	--	3,776
Lease expense	89,250	5,603	1,823	96,676
Repairs and maintenance	5,454	342	111	5,907
Salaries, benefits and payroll taxes	311,944	19,584	6,373	337,901
Social Impact Institute	11,562	--	--	11,562
Stewardship of donors	532	--	--	532
Taxes and licenses	676	--	--	676
Travel	311	--	--	311
Utilities	8,680	545	177	9,402
Web and software	20,663	1,297	422	22,382
	\$ 2,569,545	\$ 63,388	\$ 9,319	\$ 2,642,252

## Notes to Financial Statements

	2023			
	Program	Management and General	Fundraising	Total
Program grants and distributions	\$ 1,839,881	\$ --	\$ --	\$ 1,839,881
Accounting and legal	--	32,948	--	32,948
Annual report	5,654	--	--	5,654
Community workshops	15,994	--	--	15,994
Contract services	133,844	--	--	133,844
Depreciation	9,446	593	193	10,232
Fees	15,287	--	--	15,287
Insurance	4,552	1,799	--	6,351
Office expenses	9,712	610	198	10,520
Marketing and outreach	67,860	--	--	67,860
Meetings and conferences	1,071	67	22	1,160
Membership	11,418	--	--	11,418
Postage	1,978	--	--	1,978
Printing	3,776	--	--	3,776
Lease expense	89,250	5,603	1,823	96,676
Repairs and maintenance	5,454	342	111	5,907
Salaries, benefits and payroll taxes	311,944	19,584	6,373	337,901
Social Impact Institute	11,562	--	--	11,562
Stewardship of donors	532	--	--	532
Taxes and licenses	676	--	--	676
Travel	311	--	--	311
Utilities	8,680	545	177	9,402
Web and software	20,663	1,297	422	22,382
	\$ 2,569,545	\$ 63,388	\$ 9,319	\$ 2,642,252

### Note 16. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 2, 2024, the date the financial statements were available to be issued. As noted in note 10, the Foundation renewed the lease on its office space for a three year term.

The Foundation has determined there are no additional subsequent events that require recognition or disclosure.

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

**Schedules of Operations**

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Support and Revenue</b>		
General support contributions	\$ 447,897	\$ 559,123
Administration fees	119,826	126,934
Special events, net of expenses	115,547	--
Investment income	33,676	4,290
In-kind	19,178	--
Other income	<u>7,245</u>	<u>12,911</u>
Total support and revenue	<u>743,369</u>	<u>703,258</u>
<b>Expenses</b>		
Accounting and legal	32,948	26,088
Annual report	5,654	4,400
Community workshops	8,546	10,023
Contract services	121	4,109
Depreciation	9,329	9,329
Grants from annual fund	38,371	71,005
Insurance	6,351	5,632
Marketing and outreach	64,259	18,420
Membership	8,537	15,975
Miscellaneous	40	1,144
Office expenses	7,017	9,803
Postage	1,731	1,552
Printing	1,527	2,309
Rent and lease expense	96,676	86,569
Repairs and maintenance	5,907	4,790
Research and development	1,160	7,428
Salary, benefits and payroll taxes	337,901	316,834
Stewardship of donors	532	849
Taxes and licenses	676	350
Travel	311	663
Utilities and telephone	9,402	7,603
Web and software	<u>18,080</u>	<u>23,668</u>
Total expenses	<u>655,076</u>	<u>628,543</u>
Net operations	<u>\$ 88,293</u>	<u>\$ 74,715</u>