

COMMUNITY FOUNDATION OF THE  
CENTRAL BLUE RIDGE

FINANCIAL STATEMENTS

December 31, 2020

COMMUNITY FOUNDATION  
OF THE CENTRAL BLUE RIDGE

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Community Foundation of the  
Central Blue Ridge  
Staunton, Virginia

We have audited the accompanying financial statements of Community Foundation of the Central Blue Ridge (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Report on Summarized Comparative Information**

We have previously audited the Community Foundation of the Central Blue Ridge's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our audit report dated July 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*EMORE HUPP & COMPANY, P.C.*

Staunton, Virginia  
July 9, 2021

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
STATEMENT OF FINANCIAL POSITION  
December 31, 2020  
(Summarized Totals for 2019)

ASSETS

	2020	2019
Cash and cash equivalents	\$ 1,925,019	\$ 3,757,720
Marketable securities	29,934,024	25,984,315
Interest receivable	15,787	40,052
Land - held for sale	757,065	757,065
Interest in limited liability company	26,416	35,438
Prepaid expenses	1,329	1,346
Security deposit	1,000	1,000
Property and equipment, net	2,735	3,425
Employee receivable	694	695
Bequests receivable	1,957,552	600,000
Contributions receivable	16,887	11,853
	\$ 34,638,508	\$ 31,192,909

LIABILITIES AND NET ASSETS

LIABILITIES		
Grants payable	\$ 315,195	\$ 32,951
Accounts payable and accrued expenses	28,511	20,077
Payable to beneficiary	331,270	331,270
Agency funds	1,774,871	1,549,247
	2,449,847	1,933,545
NET ASSETS		
Without donor restrictions	13,233,388	12,892,534
With donor restrictions	18,955,273	16,366,830
	32,188,661	29,259,364
TOTAL NET ASSETS	\$ 34,638,508	\$ 31,192,909

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020  
(Summarized Totals for 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020 TOTALS	2019 TOTALS
<b>PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>				
Contributions	\$ 718,388	\$ 3,458,070	\$ 4,176,458	\$ 3,637,771
Services	28,539	1,953	30,492	31,217
Grants	50,700	-	50,700	-
Investment return, net	947,249	1,056,289	2,003,538	4,067,635
Management fees	161,328	(154,059)	7,269	5,488
Loss from limited liability company	-	(9,022)	(9,022)	(4,012)
Miscellaneous income	2,535	-	2,535	13,619
Net assets released from restrictions:				
Satisfaction of program restrictions	1,764,788	(1,764,788)	-	-
<b>TOTAL PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>	<b>3,673,527</b>	<b>2,588,443</b>	<b>6,261,970</b>	<b>7,751,718</b>
<b>EXPENSES</b>				
Program services:				
Philanthropy:				
Grants	2,705,652	-	2,705,652	980,964
Scholarships	185,214	-	185,214	117,409
Educational awards	162,640	-	162,640	42,713
Workshops and events	5,877	-	5,877	44,669
Marketing	285	-	285	760
	3,059,668	-	3,059,668	1,186,515
Support services:				
Management and general:				
Administration	113,712	-	113,712	92,224
Professional services	60,671	-	60,671	41,025
Office expense	21,192	-	21,192	15,370
Occupancy	23,367	-	23,367	18,552
Miscellaneous	285	-	285	35
Depreciation	690	-	690	690
	219,917	-	219,917	167,896
Fundraising:	53,088	-	53,088	67,287
<b>TOTAL ADMINISTRATIVE AND DEVELOPMENT</b>	273,005	-	273,005	235,183
<b>TOTAL EXPENSES</b>	<b>3,332,673</b>	<b>-</b>	<b>3,332,673</b>	<b>1,421,698</b>
CHANGES IN NET ASSETS	340,854	2,588,443	2,929,297	6,330,020
NET ASSETS AT BEGINNING OF YEAR	12,892,534	16,366,830	29,259,364	22,929,344
NET ASSETS AT END OF YEAR	\$ 13,233,388	\$ 18,955,273	\$ 32,188,661	\$ 29,259,364

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2020  
(Summarized Totals for 2019)

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	2020 TOTAL	2019 TOTAL
Grants	\$ 2,632,353	\$ -	\$ -	\$ 2,632,353	\$ 919,673
Scholarships	133,474	-	-	133,474	94,670
Educational awards	110,000	-	-	110,000	10,000
Workshops	-	-	-	-	11,694
Event expense	5,877	-	-	5,877	7,376
Salaries and taxes	177,679	76,159	48,605	302,443	248,255
Development	-	9,017	-	9,017	6,260
Printing	-	-	1,791	1,791	5,968
Occupancy and repairs	-	14,614	-	14,614	9,477
Professional fees	-	60,671	550	61,221	43,319
Office supplies	-	9,739	-	9,739	6,075
Postage	-	1,595	8	1,603	2,034
Computer support	-	1,370	-	1,370	924
Taxes and licenses	-	9,696	-	9,696	9,651
Subscriptions	-	8,327	-	8,327	6,573
Rent	-	11,175	-	11,175	10,875
Depreciation	-	690	-	690	690
Advertising and marketing	285	-	2,134	2,419	13,386
Insurance	-	5,362	-	5,362	5,593
Employee benefits	-	11,502	-	11,502	9,205
<b>TOTAL EXPENSES</b>	<b><u>\$ 3,059,668</u></b>	<b><u>\$ 219,917</u></b>	<b><u>\$ 53,088</u></b>	<b><u>\$ 3,332,673</u></b>	<b><u>\$ 1,421,698</u></b>

See notes to financial statements.



COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2020  
(Summarized Totals for 2019)

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES		
Change in net assets	\$ 2,929,297	\$ 6,330,020	Contributions restricted for endowment	\$ -	\$ 56,942
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			NET CASH PROVIDED BY FINANCING ACTIVITIES	-	56,942
Non-cash contributions	(366,527)	(248,417)	NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,832,701)	(1,515,124)
Loss from limited liability company	9,022	4,012	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,757,720</u>	<u>5,272,844</u>
Dividends reinvested	(103,458)	(65,304)	END OF YEAR	<u>\$ 1,925,019</u>	<u>\$ 3,757,720</u>
Gain on marketable securities	(1,451,248)	(3,443,584)			
Depreciation	690	690	SUPPLEMENTAL INFORMATION		
Decrease (increase) in prepaid expenses	17	(425)	Non-cash contributions of marketable securities	\$ 366,527	\$ 248,417
Decrease (increase) in interest receivable	24,265	(28,440)			
Decrease in employee receivable	1	399			
Contributions restricted for endowment	-	(56,942)			
Increase in bequests receivable	(1,357,552)	(550,000)			
Decrease (increase) in contributions receivable	(5,034)	6,571			
Increase in agency funds, net of marketable securities gains and losses	225,624	751,388			
Increase in grants payable	282,244	29,680			
Increase (decrease) in accounts payable and accrued expenses	<u>8,434</u>	<u>(2,892)</u>			
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>195,775</u>	<u>2,726,756</u>			
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of marketable securities	(11,189,374)	(9,773,512)			
Proceeds from sale of marketable securities	<u>9,160,898</u>	<u>5,474,690</u>			
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,028,476)</u>	<u>(4,298,822)</u>			

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Foundation of the Central Blue Ridge, located in Staunton, Virginia, is organized under the laws of the Commonwealth of Virginia for the purpose of developing a permanent endowment to provide for the enrichment of the quality of life in the communities of Staunton and Waynesboro and the counties of Augusta, Highland and Nelson through assessing and responding to the changing community needs and to serve as a mechanism for donors at all levels of charitable giving to aid in supporting the community.

Public Support and Revenue

Contributions not subject to donor stipulations are available for unrestricted purposes and classified as without donor restriction.

If the Foundation receives contributions with donor stipulations that limit the use of the donated asset over a period of time, the contribution is reported as temporarily restricted support. When a donor restriction expires, that is when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions consist of gifts which are permanently restricted by the donor.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash and Cash Equivalents

The Foundation considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)

Marketable Securities

Investments in marketable securities with readily determinable fair values and debt securities are reported at fair value (Level 1 as defined by FASB Accounting Standards Codification 820-10, Fair Value Measurements and Disclosures). Net gains and losses (including unrealized) are reported in the statement of activities. Investments are made according to the investment policy adopted by the Foundation's Board of Directors. Outside parties are contracted by the Foundation for the purpose of providing investment management.

Investments received by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after receipt, taking into consideration the impact on market price.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives.

Bequests Receivable

Bequests are recorded as revenue when the Foundation receives notification that the court declares the will valid and an estimate is reasonably determinable.

Contribution Receivable

Unconditional promises to give are recorded as revenue when the Foundation receives notification and an estimate is reasonably determinable.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Interest in Limited Liability Company

This investment consists of ownership interest in a limited liability company. Under the equity method, the Foundation's share in earnings or losses of this company is reflected in the statement of activities.

Agency Funds

The Foundation has accepted funds, which have been invested in its investment pool, from charitable organizations. These funds, including allocable investment income and gains and losses, realized and unrealized, are reflected as liabilities in the statement of financial position.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)

Functional Expenses

The costs associated with the Foundation's providing various charitable services to the community, including both programmatic services and related support services, have been reported on a functional basis. The costs associated with each of the services provided to the community have been allocated to program and support services and have been determined by management based on a human resources allocation framework for all charitable activities performed by the Foundation, and done on an equitable and directly correlated basis, determined by a method of allocation based on time and effort contributed.

Advertising

Advertising costs are expensed in the period incurred and totaled \$2,419 for the year ended December 31, 2020.

Reclassification

The classification of certain amounts within the financial statements for the year ended December 31, 2019, have been changed to be consistent with the classification adopted by the Foundation in 2020.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and bequests receivable.

The Foundation places its temporary cash investments with high-credit-quality financial institutions. At times, such investments may be in excess of FDIC insurance limits. The Foundation has not experienced any losses in such accounts.

Bequests receivable are from two donors and is expected to be received within one year of promise.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RESTRICTIONS ON NET ASSETS

The Foundation policy allows annual distribution up to 4% of each individual Fund's three-year average market value, calculated at the beginning of each year using the trailing twelve (12) quarter-average values, unless otherwise directed by the Fund agreement. Net assets with donor restrictions are available for the following purposes or periods:

Subject to expenditure for specified purposes:	
Animal welfare	\$ 748,734
Arts and culture	252,803
Community beautification	248,269
Community welfare - general	3,813,805
Conservation	583,568
Education	798,373
Educational awards	1,685,620
Food and shelter	218,369
Health	301,136
Human services	1,596,537
Scholarships	4,136,665
Strategic initiative	432
Youth enrichment	552,804
Donor-restricted endowments - perpetual-in-nature	<u>4,018,158</u>
Total net assets with donor restrictions	<u>\$ 18,955,273</u>

Endowment Fund

The Foundation is subject to Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in donor-restricted endowment funds as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Foundation's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation would consider the funds to be underwater if the fair value of the funds is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation has

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RESTRICTIONS ON NET ASSETS (continued)

interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The funds are not currently underwater.

In accordance with UPMIFA, the Foundation's Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund assets: the duration and preservation of the fund, the purposes of the Foundation and the endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Foundation, and the Foundation's investment policies.

The Foundation's primary investment objective for endowment funds is to provide returns that cover the Foundation's defined spending rate, the annual administrative fee, and exceed inflation (provide real growth in spending). There will be some inevitable volatility in principal value that will be experienced from pursuing this objective that will affect the stability of the payout.

To assist the Foundation in gauging the success of the return on investments, the Foundation shall employ as its investment return goal the following formula:

5yr Annualized CPI + Spending Rate (4%) + Average Administrative Fee (1%)

The target return is based on a trailing five-year calculation. This is the time period used to judge whether or not the portfolio is meeting its objective. The return for each individual year may be more or less than the target.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RESTRICTIONS ON NET ASSETS (continued)

Net assets with donor restrictions that are perpetual-in-nature consist of the following:

Christopher DeWitt Rockwell Memorial Scholarship	\$ 12,345
Community Foundation Administrative Endowment	634,810
Community Scholarship for Excellence	10,426
Croushorn Endowment Fund	120,680
H. Dunlop Dawbarn Fund II	700,000
H. Dunlop "Buz" Dawbarn Award Fund	390,527
J. B. "Gus" Stombock Memorial Unrestricted Fund	10,092
J. B. "Gus" Stombock Memorial Little League Fund	10,948
L. Dal & Jane Simmons Unrestricted Fund	10,416
Lewis M. Coiner Unrestricted Endowment Fund	10,556
Loesch - Augusta Regional Free Clinic Fund	10
Louis & Emily M. Spilman Scholarship	50,000
Maurice H. & Wilma C. Baylor Fund	344,536
N. Carroll and Grace Guynn Scholarship Fund	74,803
Paul Flanagan Scholarship	6,444
Penland Endowment Fund	823,316
R. S. Yeago, Jr. Scholarship	25,000
ShenanArts Endowment Fund	10,863
V. F. and Susan S. Reynolds Scholarship	50,000
Waynesboro High School Alumni Scholarship	20,850
Frances Bell Rolston Scholarship	119,548
Rose S. & Boyd W. Thompson, Jr. Scholarship Fund	200,000
Waynesboro YMCA Fund	25,046
Doyle O. & Lelia Jane Bateman Scholarship Fund	<u>356,942</u>
 Total endowments	 <u>\$ 4,018,158</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework of measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs



COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

(Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Marketable Securities Available-for-Sale: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

instruments could result in a different fair value measurement at the reporting date.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 1,448,153	\$ 1,448,153	\$ -	\$ -
Mutual funds:				
Domestic	10,712,013	10,712,013	-	-
International	3,778,025	3,778,025	-	-
Exchange traded products:				
Domestic	1,975,710	1,975,710	-	-
International	805,026	805,026	-	-
Corporate stocks:				
Domestic	8,639,662	8,639,662	-	-
International	758,943	758,943	-	-
Corporate bonds:				
Domestic	1,445,562	-	1,445,562	-
International	154,896	-	154,896	-
Real estate investment trusts	216,034	216,034	-	-
 Total	 <u>\$ 29,934,024</u>	 <u>\$ 28,333,566</u>	 <u>\$ 1,600,458</u>	 <u>\$ -</u>

NOTE 5 - LAND - HELD FOR SALE

Land held for sale consists of a wholly-owned interest in real property, which is currently marketed for sale. Of this interest, 42% was donated in a prior year and valued at \$331,270 (appraised value at the time of the donation), 20% interest was received as an in-kind distribution in lieu of cash from a receivable, and an additional 38% was purchased outright by the Foundation. The interests donated to the Foundation are being held at net realizable value, and the portion purchased held at cost. Approximately 34.44% of the proceeds received from the sale by the Foundation are to be distributed to a local high school for enhancement of their athletic program, with the remaining balance to be used at the Foundation's discretion.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - INTEREST IN LIMITED LIABILITY COMPANY

The Foundation has a 20% non-voting interest in High Country Associates, LLC. This investment is accounted for by the equity method. The limited liability company is a pass-through entity for items of income and expense.

Activity from this investment is summarized in the following table.

Balance, December 31, 2019	\$ 35,438
Net loss	<u>9,022</u>
Balance, December 31, 2020	<u>\$ 26,416</u>

The carrying value of the Foundation's investment at December 31, 2020 approximates the Foundation's underlying equity in the net assets of the limited liability company. Assets and liabilities of the limited liability company from unaudited financial statements totaled \$1,042,277 and \$939,458 respectively, at December 31, 2020. Revenue and net loss for the year ended December 31, 2020 were \$185,000 and \$45,114, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	\$ 17,532
Software	<u>45,596</u>
Total property and equipment	63,128
Accumulated depreciation	<u>60,393</u>
Net property and equipment	<u>\$ 2,735</u>

NOTE 8 - DONATED SERVICES, EQUIPMENT, AND FACILITIES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fundraising, projects, programs, and special events. No amounts have been recognized because the criteria for recognition under ASC 958-605-25-16 have not been satisfied.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DONATED SERVICES, EQUIPMENT, AND FACILITIES (continued)

In-kind contributions are recorded as revenue and expenses at fair market value as follows for the year ended December 31, 2020:

Accounting services	\$	27,639
Sanitizing services		1,953
Facility lease-meeting space		<u>900</u>
Total	\$	<u>30,492</u>

NOTE 9 - MAJOR CONTRIBUTORS

Contributions from two donors represent 57% of total contributions for the year ended December 31, 2020.

NOTE 10 - OPERATING LEASE

Effective October 1, 2020, the Foundation modified its lease agreement for office space. The amended lease agreement calls for monthly rental payments of \$950 for the twelve-month period ending September 30, 2022. Rent expense for the year ended December 31, 2020 was \$11,175.

The minimum annual lease payment due under this lease is as follows:

2021	\$	11,475
2022		8,775

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$33,849,963 of financial assets as of December 31, 2020, of which \$14,894,690 is available within one year of the statement of financial position to meet cash needs for general expenditure. Financial assets of \$18,955,273 are unavailable for general expenditures due to donor-imposed time or purpose restrictions.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS  
(continued)

The Foundation's Investment Policy Statement (IPS), established by its Board of Directors and maintained by its Investment Committee, defines the parameters of a Reserve Fund to meet the short-term cash flow needs of the Foundation and to provide a source of funds to limit the amount drawn from the Endowment Fund when its value may be temporarily impaired by a decline in the stock market. Accordingly, the investment objective of the Reserve Fund is income and capital preservation. The Foundation maintains a balance in the Reserve Fund approximately equal to the trailing twelve months of operating expenditures, grants, scholarships, and awards, which are approximately \$1,500,000 at December 31, 2020. The Foundation recalculates the target balance of its Reserve Fund on February 1 of each year. When the Reserve Fund is drawn down, the Investment Committee determines how quickly to restore it to its target balance in consultation with the Foundation's primary investment advisory firm. The Reserve Fund seeks to earn a return at least equal to that of the 3-Month U.S. Treasury Bill.

NOTE 12 - PAYCHECK PROTECTION PROGRAM

In March 2020, the United States Federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which established the \$669-billion Paycheck Protection Program (PPP). This program was intended to help various businesses, organizations, and self-employed individuals effected by the coronavirus (COVID-19) pandemic with payroll costs, rent, utilities, and interest. Employers could apply to have the PPP loan partially or fully forgiven if the employer met certain criteria. During 2020, the Foundation's PPP loan was forgiven in its entirety. For this reason, the Foundation has recorded grant revenue in its statement of activities for \$50,700, the full principal amount of the loan.

NOTE 13 - RETIREMENT PLAN

The Foundation maintains a defined contribution retirement plan for substantially all employees. The Foundation matches certain employee contributions and may, at the discretion of the Foundation, make additional contributions. Plan expense for the year ended December 31, 2020 was \$8,274.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 9, 2021, the date which the financial statements were available to be issued.