

COMMUNITY FOUNDATION OF THE
CENTRAL BLUE RIDGE

FINANCIAL STATEMENTS

December 31, 2021

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

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Community Foundation of the Central Blue Ridge and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Community Foundation of the Central Blue Ridge's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Community Foundation of the Central Blue Ridge'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 Community Foundation of the Central Blue Ridge's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of the Central Blue Ridge's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EMMORC. HUFF & COMPANY, P.C.

Staunton, Virginia
July 11, 2022

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(Summarized Totals for 2020)

ASSETS

	2021	2020
Cash and cash equivalents	\$ 1,496,037	\$ 1,925,019
Marketable securities	38,934,878	29,934,024
Interest receivable	11,400	15,787
Land - held for sale	757,065	757,065
Interest in limited liability company	58,100	26,416
Prepaid expenses	1,252	1,329
Security deposit	1,000	1,000
Property and equipment, net	5,559	2,735
Employee receivable	-	694
Bequests receivable	109,820	1,957,552
Contributions receivable	76,875	16,887
	\$ 41,451,986	\$ 34,638,508

LIABILITIES AND NET ASSETS

LIABILITIES		
Grants payable	\$ 5,655	\$ 315,195
Accounts payable and accrued expenses	29,885	28,511
Payable to beneficiary	331,270	331,270
Agency funds	4,017,312	1,774,871
	4,384,122	2,449,847
NET ASSETS		
Without donor restrictions	15,345,759	13,233,388
With donor restrictions	21,722,105	18,955,273
TOTAL NET ASSETS	37,067,864	32,188,661
	\$ 41,451,986	\$ 34,638,508

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021
(Summarized Totals for 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTALS	2020 TOTALS
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Contributions	\$ 1,008,710	\$ 1,344,621	\$ 2,353,331	\$ 4,176,458
Services	27,127	-	27,127	30,492
Grants	-	-	-	50,700
Investment return, net	2,034,129	2,553,253	4,587,382	2,003,538
Management fees	188,799	(179,224)	9,575	7,269
Income (loss) from limited liability company	-	31,684	31,684	(9,022)
Miscellaneous income	2,816	-	2,816	2,535
Net assets released from restrictions:				
Satisfaction of program restrictions	983,502	(983,502)	-	-
TOTAL PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS	4,245,083	2,766,832	7,011,915	6,261,970
EXPENSES				
Program services:				
Philanthropy:				
Grants	1,492,366	-	1,492,366	2,705,652
Scholarships	199,778	-	199,778	185,214
Educational awards	138,860	-	138,860	162,640
Workshops and events	12,899	-	12,899	5,877
Marketing	-	-	-	285
	1,843,903	-	1,843,903	3,059,668
Support services:				
Management and general:				
Administration	156,349	-	156,349	113,712
Professional services	41,045	-	41,045	60,671
Office expense	29,462	-	29,462	21,192
Occupancy	16,583	-	16,583	23,367
Miscellaneous	116	-	116	285
Depreciation	845	-	845	690
	244,400	-	244,400	219,917
Fundraising:	44,409	-	44,409	53,088
TOTAL ADMINISTRATIVE AND DEVELOPMENT	288,809	-	288,809	273,005
TOTAL EXPENSES	2,132,712	-	2,132,712	3,332,673
CHANGES IN NET ASSETS	2,112,371	2,766,832	4,879,203	2,929,297
NET ASSETS AT BEGINNING OF YEAR	13,233,388	18,955,273	32,188,661	29,259,364
NET ASSETS AT END OF YEAR	\$ 15,345,759	\$ 21,722,105	\$ 37,067,864	\$ 32,188,661

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021
(Summarized Totals for 2020)

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	2021 TOTAL	2020 TOTAL
Grants	\$ 1,432,238	\$ -	\$ -	\$ 1,432,238	\$ 2,632,353
Scholarships	162,352	-	-	162,352	133,474
Educational awards	110,000	-	-	110,000	110,000
Workshops	1,300	-	-	1,300	-
Event expense	10,500	-	-	10,500	5,877
Salaries and taxes	127,513	115,198	34,405	277,116	302,443
Development	-	11,781	-	11,781	9,017
Printing	-	-	2,343	2,343	1,791
Occupancy and repairs	-	6,905	-	6,905	14,614
Professional fees	-	41,045	1,754	42,799	61,221
Office supplies	-	8,902	-	8,902	9,739
Postage	-	1,888	190	2,078	1,603
Computer support	-	2,161	-	2,161	1,370
Taxes and licenses	-	10,741	-	10,741	9,696
Subscriptions	-	16,218	-	16,218	8,327
Rent	-	11,475	-	11,475	11,175
Depreciation	-	845	-	845	690
Advertising and marketing	-	-	5,717	5,717	2,419
Insurance	-	5,959	-	5,959	5,362
Employee benefits	-	11,282	-	11,282	11,502
TOTAL EXPENSES	\$ 1,843,903	\$ 244,400	\$ 44,409	\$ 2,132,712	\$ 3,332,673

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, 2020, 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 from unaffiliated charitable organizations which have been invested in its investment pool. The Foundation maintains legal ownership of agency funds, and as such, continues to report the funds as assets of the Foundation. The fair value of the funds, including allocable net investment income, are reflected as a liability in the statement of financial position. No contribution revenue is recognized for the period in which the agency funds are received.

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 \$5,717 for the year ended December 31, 2021.

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	\$ 864,436
Arts and culture	470,569
Community beautification	259,842
Community welfare - general	4,318,184
Conservation	846,770
Education	882,694
Educational awards	1,950,961
Food and shelter	249,362
Health	323,235
Human services	1,721,471
Scholarships	5,168,815
Youth enrichment	647,608
Donor-restricted endowments - perpetual-in-nature	<u>4,018,158</u>
Total net assets with donor restrictions	<u>\$ 21,722,105</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, 2021.

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	\$ 2,149,540	\$ 2,149,540	\$ -	\$ -
Mutual funds:				
Domestic	14,670,419	14,670,419	-	-
International	4,457,579	4,457,579	-	-
Exchange traded products:				
Domestic	1,886,276	1,886,276	-	-
International	1,436,669	1,436,669	-	-
Corporate stocks:				
Domestic	11,628,563	11,628,563	-	-
International	746,200	746,200	-	-
Corporate bonds:				
Domestic	1,590,853	-	1,590,853	-
International	151,346	-	151,346	-
Real estate investment trusts	217,433	-	217,433	-
 Total	 <u>\$ 38,934,878</u>	 <u>\$ 36,975,246</u>	 <u>\$ 1,959,632</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, 2020	\$ 26,416
Net income	<u>31,684</u>
Balance, December 31, 2021	<u>\$ 58,100</u>

The carrying value of the Foundation's investment at December 31, 2021 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 \$1,172,691 and \$911,457 respectively, at December 31, 2021. Revenue and net income for the year ended December 31, 2021 were \$660,000 and \$158,414, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	\$ 21,201
Software	<u>45,596</u>
Total property and equipment	66,797
Accumulated depreciation	<u>61,238</u>
Net property and equipment	<u>\$ 5,559</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, 2021:

Accounting services	\$ 26,074
Facility lease-meeting space	<u>1,053</u>
	-
Total	<u>\$ 27,127</u>

NOTE 9 - 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 October 1, 2021 and increasing to \$975 monthly ending September 30, 2022. Rent expense for the year ended December 31, 2021 was \$11,475.

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

2022	\$ 8,775
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NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$40,629,010 of financial assets as of December 31, 2021, of which \$18,906,905 is available within one year of the statement of financial position to meet cash needs for general expenditure. Financial assets of \$21,722,105 are unavailable for general expenditures due to donor-imposed time or purpose restrictions. Withdrawal requests from funds held under agency accounts are satisfied from invested resources specifically allocated to such accounts.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - 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 \$3,300,000 at December 31, 2021. 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 11 - 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, 2021 was \$8,033.

NOTE 12 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 11, 2022, the date which the financial statements were available to be issued.