

COMMUNITY FOUNDATION OF THE
CENTRAL BLUE RIDGE

FINANCIAL STATEMENTS

December 31, 2019

COMMUNITY FOUNDATION
OF THE CENTRAL BLUE RIDGE

BOARD OF DIRECTORS

Lora F. Hamp, Esq., Chair

Mark Botkin, Esq., Vice Chair

Susan M. Pereles, Secretary/Treasurer

Dan Layman, President/CEO

Dr. Charles Andersen

Stuart Moffett

Abby Arey

Rick Moyers

Sara C. Berry

Bonnie F. Nielson

A. P. Boxley, III

Thomas E. Roberts

Stephen W. Claffey

Art Schlappi

Kelly M. Hyson

Kim Snyder

Safiya M. Jarvis

Angela V. Whitesell

Diana Williams

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1- 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-19

Elmore, Hupp & Company, P.L.C.

Certified Public Accountants

*Jon D. Jencks
Michael A. Marrin*

*Brandon H. Tankesley
Brett D. Botizan*

*P. O. Box 2607
Staunton, VA 24402-2607*

*Telephone • (540) 885-7000
Fax • (540) 885-6806*

www.elmorehupp.com

*Kenneth L. Elmore • Retired
R. G. Hupp • 1946 – 2008
Steven E. Stroop • Retired*

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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our audit report dated June 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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, 2020

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(Summarized Totals for 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 3,757,720	\$ 5,272,844
Marketable securities	25,984,315	17,775,114
Interest receivable	40,052	11,612
Land - held for sale	757,065	757,065
Interest in limited liability company	35,438	39,450
Prepaid expenses	1,346	921
Security deposit	1,000	1,000
Property and equipment, net	3,425	4,115
Employee receivable	695	1,094
Bequest receivable	600,000	50,000
Contributions receivable	11,853	18,424
	\$ 31,192,909	\$ 23,931,639

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 53,028	\$ 26,240
Payable to beneficiary	331,270	331,270
Agency funds	1,549,247	644,785
	1,933,545	1,002,295

NET ASSETS

Without donor restrictions	12,892,534	8,848,450
With donor restrictions	16,366,830	14,080,894
TOTAL NET ASSETS	29,259,364	22,929,344
	\$ 31,192,909	\$ 23,931,639

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019
(Summarized Totals for 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTALS	2018 TOTALS
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Contributions	\$ 2,962,968	\$ 674,803	\$ 3,637,771	\$ 1,551,542
Investment return, net	1,688,881	2,378,754	4,067,635	(1,723,028)
Management fees	142,570	(137,082)	5,488	7,826
Services	31,217	-	31,217	29,976
Loss from limited liability company	-	(4,012)	(4,012)	(3,547)
Loss from disposal of assets	-	-	-	(392)
Miscellaneous income	13,619	-	13,619	11,294
Net assets released from restrictions:				
Satisfaction of program restrictions	626,527	(626,527)	-	-
TOTAL PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS	5,465,782	2,285,936	7,751,718	(126,329)
EXPENSES				
Program services:				
Philanthropy:				
Grants	980,964	-	980,964	1,333,051
Scholarships	117,409	-	117,409	155,092
Educational awards	42,713	-	42,713	135,434
Workshops and events	44,669	-	44,669	43,642
Marketing	760	-	760	-
	1,186,515	-	1,186,515	1,667,219
Support services:				
Management and general:				
Administration	92,224	-	92,224	85,497
Professional services	41,025	-	41,025	45,728
Office expense	15,370	-	15,370	20,335
Occupancy	18,552	-	18,552	13,504
Miscellaneous	35	-	35	171
Depreciation	690	-	690	652
	167,896	-	167,896	165,887
Fundraising:	67,287	-	67,287	64,359
TOTAL ADMINISTRATIVE AND DEVELOPMENT	235,183	-	235,183	230,246
TOTAL EXPENSES	1,421,698	-	1,421,698	1,897,465
CHANGES IN NET ASSETS	4,044,084	2,285,936	6,330,020	(2,023,794)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	8,848,450	14,080,894	22,929,344	24,953,138
NET ASSETS AT END OF YEAR	\$ 12,892,534	\$ 16,366,830	\$ 29,259,364	\$ 22,929,344

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019
(Summarized Totals for 2018)

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	2019 TOTAL	2018 TOTAL
Grants	\$ 919,673	\$ -	\$ -	\$ 919,673	\$ 1,286,941
Scholarships	94,670	-	-	94,670	102,055
Educational awards	10,000	-	-	10,000	110,000
Workshops	11,694	-	-	11,694	8,861
Event expense	7,376	-	-	7,376	18,672
Salaries and taxes	142,342	60,115	45,798	248,255	235,051
Development	-	6,260	-	6,260	7,314
Printing	-	-	5,968	5,968	7,858
Occupancy and repairs	-	9,477	-	9,477	3,582
Professional fees	-	41,025	2,294	43,319	59,212
Office supplies	-	6,075	-	6,075	7,798
Postage	-	1,433	601	2,034	3,527
Computer support	-	924	-	924	2,050
Taxes and licenses	-	9,651	-	9,651	9,651
Subscriptions	-	6,573	-	6,573	7,494
Rent	-	10,875	-	10,875	10,575
Depreciation	-	690	-	690	652
Advertising and marketing	760	-	12,626	13,386	4,199
Insurance	-	5,593	-	5,593	5,146
Employee benefits	-	9,205	-	9,205	6,827
TOTAL EXPENSES	\$ 1,186,515	\$ 167,896	\$ 67,287	\$ 1,421,698	\$ 1,897,465

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019
(Summarized Totals for 2018)

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES		
Change in net assets	\$ 6,330,020	\$ (2,023,794)	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	<u>56,942</u>	<u>-</u>
Non-cash contributions	(248,417)	(361,631)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,515,124)	4,332,885
Loss from limited liability company	4,012	3,547	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,272,844</u>	<u>939,959</u>
Dividends reinvested	(65,304)	(400,942)	END OF YEAR	<u>\$ 3,757,720</u>	<u>\$ 5,272,844</u>
Loss (gain) on marketable securities	(3,443,584)	2,328,064			
Loss on disposal of assets	-	392			
Depreciation	690	652			
Decrease (increase) in prepaid expenses	(425)	430			
Increase in interest receivable	(28,440)	(8,211)			
Increase (decrease) in employee receivable	399	(30)			
Contributions restricted for endowment	(56,942)	-			
Decrease (increase) in bequest receivable	(550,000)	347,949	SUPPLEMENTAL INFORMATION		
Decrease in contributions receivable	6,571	17,520	Non-cash contributions of marketable securities	\$ 248,417	\$ 361,631
(Decrease) increase in agency funds, net of marketable securities gains and losses	751,388	(6,459)	Acquisition of property and equipment included in accounts payable	-	2,217
Increase in accounts payable and accrued expenses	<u>26,788</u>	<u>5,683</u>			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,726,756</u>	<u>(96,830)</u>			
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of marketable securities	(9,773,512)	(15,663,996)			
Proceeds from sale of marketable securities	<u>5,474,690</u>	<u>20,093,711</u>			
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(4,298,822)</u>	<u>4,429,715</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, Nelson and Highland 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. 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 State of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, 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 \$13,386 for the year ended December 31, 2019.

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 bequest 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.

Bequest receivable is from one donor 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	\$ 700,774
Arts and culture	65,394
Community beautification	282,702
Community welfare - general	3,669,285
Conservation	458,723
Education	595,494
Educational awards	1,662,322
Food and shelter	208,749
Health	299,918
Human services	771,900
Scholarships	3,091,048
Strategic initiative	432
Youth	541,928
Donor-restricted endowments - perpetual-in-nature	<u>4,018,161</u>
Total net assets with donor restrictions	<u>\$ 16,366,830</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, which includes 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>356,945</u>
 Total endowments	 <u>\$ 4,018,161</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, 2019.

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	\$ 1,953,086	\$ 1,953,086	\$ -	\$ -
Agency securities	1,385,023	1,385,023	-	-
Mutual funds:				
Domestic	8,232,705	8,232,705	-	-
International	2,976,881	2,976,881	-	-
Exchange traded products:				
Domestic	1,594,602	1,594,602	-	-
International	90,801	90,801	-	-
Corporate stocks:				
Domestic	6,124,669	6,124,669	-	-
International	633,895	633,895	-	-
Corporate bonds:				
Domestic	2,585,979	-	2,585,979	-
International	251,096	-	251,096	-
Real estate investment trusts	155,578	155,578	-	-
 Total	 <u>\$ 25,984,315</u>	 <u>\$ 23,147,240</u>	 <u>\$ 2,837,075</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.

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.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - INTEREST IN LIMITED LIABILITY COMPANY (continued)

Activity from this investment is summarized in the following table.

Balance, December 31, 2018	\$ 39,450
Net loss	<u>4,012</u>
Balance, December 31, 2019	<u>\$ 35,438</u>

The carrying value of the Foundation's investment at December 31, 2019 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 \$1,080,390 and \$932,458 respectively, at December 31, 2019. Revenue and net loss for the year ended December 31, 2019 were \$0 and \$20,063, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	\$ 17,532
Software	<u>45,596</u>
	63,128
Accumulated depreciation	<u>59,703</u>
	<u>\$ 3,425</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, 2019:

Accounting services	\$	27,457
Public relations		875
Facility lease-meeting space		<u>2,885</u>
	\$	<u>31,217</u>

NOTE 9 - MAJOR CONTRIBUTORS

Contributions from two donors represent 71% of total contributions for the year ended December 31, 2019.

NOTE 10 - OPERATING LEASE

Effective October 1, 2018, the Foundation modified its lease agreement for office space. The amended lease agreement calls for monthly rental payments of \$925 for the twelve-month period ending September 30, 2020. Rent expense for the year ended December 31, 2019 was \$10,875.

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

2020	\$	8,325
------	----	-------

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$30,394,635 of financial assets as of December 31, 2019, of which \$18,045,966 is available within one year of the statement of financial position to meet cash needs for general expenditure. Financial assets of \$12,348,669 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 \$1,400,000 at December 31, 2019. 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 - RETIREMENT PLAN

The Foundation maintains a 403(b) defined contribution plan for all eligible employees. The Foundation generally provides a matching contribution up to 3% for employees who have satisfied the eligibility condition of completion of three months of service. The Foundation's four employees participated during 2019. Plan expense for the year ended December 31, 2019 was \$7,096.

NOTE 13 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization pronounced the coronavirus (COVID-19) outbreak a pandemic. Citizens and the economies of the United States and other countries have been significantly impacted by the pandemic. The duration and total impact are unknown, but so far have been expansive. The above-mentioned effects of the pandemic do not rise to a level that would cause concern over the Foundation's ability to continue as a going concern.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - SUBSEQUENT EVENTS (continued)

Subsequent to year end, the Foundation was named a beneficiary of an estate. Management of the Foundation reasonably expects to receive approximately \$2,400,000 from the estate.

The Foundation has evaluated subsequent events through July 9, 2020, the date which the financial statements were available to be issued.