

COMMUNITY FOUNDATION OF THE
CENTRAL BLUE RIDGE

FINANCIAL STATEMENTS

December 31, 2023

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EMMORC. HUFF & COMPANY, P.C.

Staunton, Virginia
November 13, 2024

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(Summarized Totals for 2022)

ASSETS

	2023	2022
Cash and cash equivalents	\$ 1,945,899	\$ 1,991,751
Marketable securities	43,658,801	38,599,999
Interest receivable	45,058	27,581
Interest in limited liability company	122,877	95,468
Prepaid expenses	1,126	1,174
Security deposit	1,000	1,000
Property and equipment, net	4,445	5,639
Operating lease - right-of-use asset, (net)	9,290	21,239
Bequests receivable	50,000	602,943
Contributions receivable	72,435	49,174
	\$ 45,910,931	\$ 41,395,968

LIABILITIES AND NET ASSETS

LIABILITIES

Grants payable	\$ 16,565	\$ 35,615
Accounts payable and accrued expenses	34,995	43,444
Lease liability	9,290	21,239
Agency funds	5,978,249	3,668,167
	6,039,099	3,768,465

NET ASSETS

Without donor restrictions	13,831,544	14,081,484
With donor restrictions	26,040,288	23,546,019
	39,871,832	37,627,503
TOTAL NET ASSETS	\$ 45,910,931	\$ 41,395,968

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(Summarized Totals for 2022)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2023 TOTALS</u>	<u>2022 TOTALS</u>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Contributions	\$ 652,030	\$ 887,937	\$ 1,539,967	\$ 6,596,847
Services	36,562	-	36,562	33,527
Grants	73,462	60,038	133,500	62,349
Investment return, net	1,665,341	2,826,512	4,491,853	(3,438,981)
Management fees	263,827	(242,354)	21,473	18,550
Income from limited liability company	-	52,409	52,409	87,368
Miscellaneous income	13,740	-	13,740	2,687
Loss on sale of assets	-	-	-	(38,115)
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,090,273</u>	<u>(1,090,273)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS	<u>3,795,235</u>	<u>2,494,269</u>	<u>6,289,504</u>	<u>3,324,232</u>
EXPENSES				
Program services:				
Philanthropy:				
Grants	2,968,860	-	2,968,860	1,923,833
Scholarships	297,981	-	297,981	240,564
Educational awards	25,164	-	25,164	100,479
Workshops and events	<u>294,662</u>	<u>-</u>	<u>294,662</u>	<u>117,349</u>
	<u>3,586,667</u>	<u>-</u>	<u>3,586,667</u>	<u>2,382,225</u>
Support services:				
Management and general:				
Administration	186,919	-	186,919	190,729
Professional services	101,788	-	101,788	68,318
Office expense	60,592	-	60,592	49,940
Occupancy	17,885	-	17,885	16,800
Marketing	536	-	536	202
Miscellaneous	1,775	-	1,775	331
Depreciation	<u>1,194</u>	<u>-</u>	<u>1,194</u>	<u>1,285</u>
	<u>370,689</u>	<u>-</u>	<u>370,689</u>	<u>327,605</u>
Fundraising:	<u>87,819</u>	<u>-</u>	<u>87,819</u>	<u>54,763</u>
TOTAL ADMINISTRATIVE AND DEVELOPMENT	<u>458,508</u>	<u>-</u>	<u>458,508</u>	<u>382,368</u>
TOTAL EXPENSES	<u>4,045,175</u>	<u>-</u>	<u>4,045,175</u>	<u>2,764,593</u>
CHANGES IN NET ASSETS	<u>(249,940)</u>	<u>2,494,269</u>	<u>2,244,329</u>	<u>559,639</u>
NET ASSETS AT BEGINNING OF YEAR	<u>14,081,484</u>	<u>23,546,019</u>	<u>37,627,503</u>	<u>37,067,864</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,831,544</u>	<u>\$ 26,040,288</u>	<u>\$ 39,871,832</u>	<u>\$ 37,627,503</u>

See notes to financial statements.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023
(Summarized Totals for 2022)

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	2023	2022
Grants	\$ 2,670,707	\$ -	\$ -	\$ 2,670,707	\$ 1,724,008
Scholarships	270,212	-	-	270,212	209,636
Educational awards	110,000	-	-	110,000	110,000
Workshops	48,664	-	-	48,664	44,647
Event expense	219,730	-	-	219,730	56,692
Salaries and taxes	267,354	150,642	18,517	436,513	412,113
Development	-	12,779	-	12,779	22,593
Printing	-	-	11,362	11,362	12,549
Occupancy and repairs	-	5,285	-	5,285	5,325
Professional fees	-	101,788	33,037	134,825	70,604
Office supplies	-	19,744	-	19,744	26,485
Postage	-	2,088	424	2,512	3,670
Computer support	-	19,304	-	19,304	1,313
Taxes and licenses	-	400	-	400	1,199
Subscriptions	-	19,456	-	19,456	19,204
Rent	-	12,600	-	12,600	11,925
Depreciation	-	1,194	-	1,194	1,285
Advertising and marketing	-	536	24,479	25,015	9,920
Miscellaneous	-	1,775	-	1,775	331
Insurance	-	5,946	-	5,946	6,332
Employee benefits	-	17,152	-	17,152	14,762
	<u>\$ 3,586,667</u>	<u>\$ 370,689</u>	<u>\$ 87,819</u>	<u>\$ 4,045,175</u>	<u>\$ 2,764,593</u>
TOTAL EXPENSES	<u>\$ 3,586,667</u>	<u>\$ 370,689</u>	<u>\$ 87,819</u>	<u>\$ 4,045,175</u>	<u>\$ 2,764,593</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.

Basis of Accounting and Presentation

The Foundation has prepared its financial statements on the accrual basis of accounting. In accordance with the accounting principles generally accepted in the United States of America the Foundation reports its financial position and operating activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions - Net assets subject to donor-imposed stipulations that may be temporary or permanent in nature. Stipulations that are temporary in nature expire either by passage of time or fulfillment by action of the Foundation. Stipulations that are permanent in nature require amounts to be held in perpetuity.

Public Support and Revenue

Contributions and grants received or donor promises to give are recorded as revenues without donor restrictions or with donor restrictions. Contributions are considered without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

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

restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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.

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.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

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

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, 2022, 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, is 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.

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 \$25,015 for the year ended December 31, 2023.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

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

Leases

The Foundation accounts for leases in accordance with Accounting Standards Codification ("ASC") Topic 842, Leases which was adopted on January 1, 2022, applying a modified retrospective transition approach as of the effective date of adoption. There were no material impacts of adoption.

The Foundation enters into contractual arrangements for the utilization of certain non-owned assets, primarily real estate, which are evaluated as operating leases upon commencement and are accounted for accordingly. Specifically, under ASC 842, a contract is or contains a lease when, (1) the contract contains an explicitly or implicitly identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. The Foundation assesses whether an arrangement is or contains a lease at inception of the contract. For all contractual arrangements deemed to be leases (other than short-term leases), as of the lease commencement date, the Foundation recognizes on the statement of financial position a liability for the obligation related to the lease and a corresponding asset representing the right to use the underlying asset over the period of use.

For leases that qualify as short-term leases, the Foundation has elected, for all classes of underlying assets, to not apply the statement of financial position recognition requirements of ASC 842, and instead recognizes the lease payments in the statement of activities on a straight-line basis over the lease term.

Leases have remaining lease terms of up to approximately .75 years. Certain lease agreements contain options to extend the agreement. The lease term used to calculate the right-of-use asset and lease liability at commencement includes the impacts of options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

When determining whether it is reasonably certain that the Foundation will exercise an option at commencement, the Foundation considers various existing economic factors, including real estate strategies, the nature, length, and terms

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

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

of the agreement, as well as the uncertainty of the condition of leased asset at the end of the lease term. Based on these determinations, the Foundation generally concludes that the exercise of renewal options would not be reasonably certain in determining the lease term at commencement. Assumptions made at the commencement date are re-evaluated upon occurrence of certain events requiring a lease modification.

The discount rate used to calculate the present value of the future minimum lease payments is the rate implicit in the lease, when readily determinable. As the rate implicit in the lease is not readily determinable for most leases, the Foundation uses the private company practical expedient option which allows the Foundation to use the risk-free rate.

Lease-related expense is recorded and included in the operating expenses of rent on the statement of activities.

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.

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

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RESTRICTIONS ON NET ASSETS (continued)

the Fund agreement. Net assets with donor restrictions are available for the following purposes or periods:

Subject to expenditure for specified purposes:	
Animal welfare	\$ 929,056
Arts and culture	470,617
Community beautification	275,592
Community welfare - general	7,865,405
Conservation	1,116,249
Education	951,271
Educational awards	1,648,121
Food and shelter	293,682
Health	296,980
Human services	1,868,397
Scholarships	5,444,801
Youth enrichment	861,959
Donor-restricted endowments - perpetual-in-nature	<u>4,018,158</u>
Total net assets with donor restrictions	<u>\$ 26,040,288</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 interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The funds are not currently underwater.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RESTRICTIONS ON NET ASSETS (continued)

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
Douglas Gynn Charitable Fund	74,803
Doyle O. & Lelia Jane Bateman Scholarship Fund	356,942
Frances Bell Rolston Scholarship	119,548
Gene Wood Memorial Family YMCA Youth Fund	25,046
H. Dunlop "Buz" Dawbarn Award Fund	390,527
H. Dunlop Dawbarn Fund II	700,000
J. B. "Gus" Stombock Memorial Little League Fund	10,948
J. B. "Gus" Stombock Memorial Unrestricted Fund	10,092
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
Paul Flanagan Scholarship	6,444
Penland Endowment Fund	823,316
R. S. Yeago, Jr. Scholarship	25,000
Rose S. & Boyd W. Thompson, Jr. Scholarship Fund	200,000
ShenanArts Endowment Fund	10,863
V. F. and Susan S. Reynolds Scholarship	50,000
Waynesboro High School Alumni Scholarship	<u>20,850</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, 2023.

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.

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Available-for-sale:			
U.S. Treasuries	\$ 6,221,156	\$ 6,221,156	\$ -
Mutual funds:			
Domestic	7,876,316	7,876,316	-
International	7,401,888	7,401,888	-
Exchange traded products:			
Domestic	3,757,102	3,757,102	-
International	2,738,101	2,738,101	-
Corporate stocks:			
Domestic	11,399,177	11,399,177	-
International	1,557,823	1,557,823	-
Bond mutual funds:			
Domestic	1,945,340	-	1,945,340
International	48,699	-	48,699
Real estate investment trusts	<u>713,199</u>	<u>-</u>	<u>713,199</u>
 Total	 <u>\$ 43,658,801</u>	 <u>\$ 40,951,563</u>	 <u>\$ 2,707,238</u>

NOTE 5 - 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, 2022	\$ 95,468
Net income	52,409
Cash distributions	<u>(25,000)</u>
Balance, December 31, 2023	<u>\$ 122,877</u>

The carrying value of the Foundation's investment at December 31, 2023 approximates the Foundation's underlying equity in the net assets of the limited liability company. Assets and

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INTEREST IN LIMITED LIABILITY COMPANY (continued)

liabilities of the limited liability company from unaudited financial statements totaled \$585,115 and \$0 respectively, at December 31, 2023. Revenue and net income for the year ended December 31, 2023 were \$479,085 and \$262,043, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	\$ 22,566
Software	45,596
Total property and equipment	<u>68,162</u>
Accumulated depreciation	<u>63,717</u>
Net property and equipment	<u><u>\$ 4,445</u></u>

NOTE 7 - 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.

In-kind contributions are recorded as revenue and expenses at fair market value as follows for the year ended December 31, 2023:

Accounting services	\$ 32,812
Facility lease-meeting space	2,250
Fundraising	<u>1,500</u>
Total	<u><u>\$ 36,562</u></u>

NOTE 8 - MAJOR CONTRIBUTOR

Contributions from one donor represent 11% of total contributions for the year ended December 31, 2023.

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASE COMMITMENTS

The Foundation has an operating lease for office space. This lease expires on September 30, 2024.

For the year ended 2023, operating cash outflows related to this lease totaled \$12,600 and Right-of-Use Assets obtained in exchange for lease obligations totaled \$24,150.

The maturities of lease liability as of December 31, 2023 were as follows:

Year	Amount
2024	\$ 9,290

The following summarizes the weighted average remaining lease term and discount rate as of December 31.

	2023
Weighted average remaining lease term	
Operating leases	.75 years
Weighted average discount rate	
Operating leases	4.12%

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has \$45,772,193 of financial assets as of December 31, 2023, of which \$19,731,905 is available within one year of the statement of financial position to meet cash needs for general expenditure. Financial assets of \$26,040,288 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.

On September 27, 2022, the Foundation Board approved a change to the Foundation's Investment Policy Statement (IPS). This policy was established by its Board of Directors and maintained by

COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS
(continued)

its Investment Committee and defined 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. The Investment Committee suggested, and the Foundation Board agreed, that the Foundation has access to ample liquid assets within the Endowment portfolio to meet those purposes. Accordingly, the IPS no longer includes a reserve portfolio.

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, 2023 was \$12,220.

NOTE 12 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 13, 2024, the date which the financial statements were available to be issued.