

**THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.
(a nonprofit organization)**

FINANCIAL STATEMENTS

**Year Ended June 30, 2020
with Summarized Comparative Information
for the year ended June 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Community Foundation for Northern Virginia, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of The Community Foundation for Northern Virginia, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 Foundation'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 the Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Subsequent Event

As noted in Note 12 to the financial statements, economic uncertainties have arisen as a result of the spread of the novel coronavirus which are likely to negatively impact the Foundation's operations. Our opinion is not modified with respect to this matter and no pandemic implications are accounted for in these financial statements.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
October 31, 2020

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020 (with Comparative Information as of June 30, 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,027,288	\$ 1,293,449
Account receivable	25,700	14,000
Prepaid expenses	34,833	52,406
Deposit	<u>24,436</u>	<u>17,188</u>
TOTAL CURRENT ASSETS	<u>1,112,257</u>	<u>1,377,043</u>
PROPERTY AND EQUIPMENT, AT COST, NET	<u>18,153</u>	<u>24,653</u>
OTHER ASSETS		
Investments	<u>69,941,695</u>	<u>71,056,691</u>
TOTAL ASSETS	<u><u>\$ 71,072,105</u></u>	<u><u>\$ 72,458,387</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 26,809	\$ 10,663
Grants payable	37,132	35,500
Accrued expenses	51,900	50,800
Deferred revenue	41,300	152,478
Paycheck Protection Program Loan	<u>131,761</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>288,902</u>	<u>249,441</u>
NET ASSETS		
Without donor restrictions	65,293,393	66,656,172
With donor restrictions	<u>5,489,810</u>	<u>5,552,774</u>
TOTAL NET ASSETS	<u>70,783,203</u>	<u>72,208,946</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 71,072,105</u></u>	<u><u>\$ 72,458,387</u></u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020 (with Summarized Comparative Information for the year ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions	\$ 8,749,491	\$ 2,016,275	\$ 10,765,766	\$ 20,274,190
Investment income	1,714,474	161,941	1,876,415	3,433,429
Fee income	709,080	-	709,080	672,198
Other income	53,014	-	53,014	44,877
Net assets released from restrictions	2,241,180	(2,241,180)	-	-
TOTAL REVENUE	13,467,239	(62,964)	13,404,275	24,424,694
EXPENSES				
Program services	13,795,153	-	13,795,153	6,087,895
Support services				
Management and general	462,031	-	462,031	435,658
Fundraising	572,834	-	572,834	592,916
Total support services	1,034,865	-	1,034,865	1,028,574
TOTAL EXPENSES	14,830,018	-	14,830,018	7,116,469
CHANGE IN NET ASSETS	(1,362,779)	(62,964)	(1,425,743)	17,308,225
NET ASSETS, beginning of year	66,656,172	5,552,774	72,208,946	54,900,721
NET ASSETS, end of year	\$ 65,293,393	\$ 5,489,810	\$ 70,783,203	\$ 72,208,946

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 (with Summarized Comparative Information for the year ended June 30, 2019)

	2020			2019	
	Program Services	General and Administrative	Fundraising	Total	Total
Grants	\$ 12,705,888	\$ -	\$ -	\$ 12,705,888	\$ 5,096,246
Salaries and benefits	275,970	236,545	275,970	788,485	752,459
Bank and investment fees	389,585	4,101	16,404	410,090	361,559
Scholarships	354,040	-	-	354,040	305,074
Entertainment	-	-	100,758	100,758	101,633
Contract labor	1,000	1,000	55,000	57,000	72,535
Payroll taxes	18,930	16,226	18,930	54,086	50,532
Website and network services	2,613	47,028	2,613	52,254	37,288
Technology subscriptions	15,414	15,410	15,410	46,234	50,554
Other	15,713	12,316	14,439	42,468	34,992
Office expenses	3,116	31,162	4,674	38,952	40,719
Rent	-	33,780	-	33,780	31,729
Printing and postage	8,631	1,439	18,701	28,771	29,614
Accounting	-	22,226	-	22,226	21,092
Dues, subscriptions and publications	-	16,379	1,820	18,199	19,179
Marketing	-	3,001	12,006	15,007	7,516
In-kind expenses:					
Donor cultivation	-	-	4,900	4,900	4,962
Marketing services	-	-	4,455	4,455	4,200
Legal services	-	593	-	593	4,195
Printing services	-	-	4,805	4,805	-
Consignment	-	-	11,733	11,733	22,158
Insurance	-	9,501	-	9,501	9,938
Community partnerships	3,202	2,092	3,202	8,496	18,792
Depreciation	-	6,500	-	6,500	7,001
Advertising	-	-	5,517	5,517	20,883
Payroll services	1,051	901	1,051	3,003	2,896
Conferences and training	-	1,831	446	2,277	8,423
Bad debt	-	-	-	-	300
TOTAL EXPENSES	\$ 13,795,153	\$ 462,031	\$ 572,834	\$ 14,830,018	\$ 7,116,469

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020 (with Comparative Information for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 14,757,106	\$ 3,688,955
Interest and dividend income	1,071,764	1,719,313
	<u>15,828,870</u>	<u>5,408,268</u>
Total cash received from operations		
Cash disbursed by operations		
Payments to employees, grantees, and suppliers	14,779,562	8,449,888
	<u>1,049,308</u>	<u>(3,041,620)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(27,877,170)	(24,041,901)
Proceeds from sales of investments	26,429,940	27,235,942
Purchase of property and equipment	-	(4,810)
	<u>(1,447,230)</u>	<u>3,189,231</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	131,761	-
	<u>(266,161)</u>	<u>147,611</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>1,293,449</u>	<u>1,145,838</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 1,027,288</u>	<u>\$ 1,293,449</u>
NON CASH INVESTING ACTIVITIES		
Unrealized loss (gain) in fair value of investments	\$ 743,829	\$ (397,866)
(Decrease) increase in investment fair value	(743,829)	397,866
In-kind stock donation	(3,366,877)	(16,664,801)
Increase in investment fair value	3,366,877	16,664,801
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020 (with Comparative Information for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ (1,425,743)</u>	<u>\$ 17,308,225</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation	6,500	7,001
Unrealized gain on investment	743,829	(397,866)
Realized gain on investment	(1,548,480)	(1,988,197)
Donated stock	<u>3,366,877</u>	<u>(16,664,801)</u>
NET ADJUSTMENTS	<u>2,568,726</u>	<u>(19,043,863)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	(11,700)	(1,600)
Prepaid expenses	17,573	16,226
Deposit	<u>(7,248)</u>	<u>5,678</u>
	<u>(1,375)</u>	<u>20,304</u>
LIABILITIES		
Accounts payable	16,146	651
Grants payable	1,632	(1,363,675)
Accrued expenses	1,100	700
Deferred revenue	<u>(111,178)</u>	<u>36,038</u>
	<u>(92,300)</u>	<u>(1,326,286)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(93,675)</u>	<u>(1,305,982)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 1,049,308</u></u>	<u><u>\$ (3,041,620)</u></u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Community Foundation for Northern Virginia, Inc. (the Foundation) is a nonprofit public charity that was established in 1978 to meet a wide variety of social, educational, cultural and other charitable needs throughout Northern Virginia. The mission of the Foundation is to grow philanthropy to help meet the most critical needs of the region. The Foundation accomplishes its mission in two primary ways: First, it develops donor advised funds (both endowed and pass-through) from which grants are recommended by the donors who establish them. Second, it develops discretionary funds for organizational grant making to help meet the most critical needs of the region. The Foundation performs all administrative aspects of grant making from both donor advised funds and discretionary funds, including due diligence inquiries to the intended grantees, reporting, managing grant and scholarship program, accounting and investments.

Significant Accounting Policies

Basis of Accounting

The Foundation maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Classes of Assets

In accordance with U.S. GAAP, the Foundation's net assets are classified into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restriction

The Foundation includes operating net assets which are available for the general operations of the Association as net assets without donor restriction, as well as Board-designated net assets set aside for future use.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary Significant Accounting Policies (Continued)

Classes of Assets (Continued)

Net Assets With Donor Restriction

The Foundation reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Investment gains and losses earned with donor restricted funds held by the Foundation are recorded as an increase or decrease in net assets without donor restriction.

Endowments

The Foundation's Endowments are accounted for in accordance with the Endowments of Not-for-Profit Organizations accounting guidance, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The Foundation has made the required disclosures as stated in Note 8. As of June 30, 2020 and 2019, the Foundation does not have any board designated endowment funds.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires that management use assumptions, estimates and judgments that affect the reported amounts and classifications of assets, liabilities, revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Foundation's cash includes cash on hand and cash deposited in banks. For the purpose of reporting on the Statement of Cash Flows, cash includes interest-bearing and non-interest-bearing demand deposit accounts. The Foundation considers wire and stock deposits contained in its investment portfolio to be cash equivalents. Highly liquid money market funds and similar accounts are included within the Foundation's investment portfolios and have been classified as investments in the Statements of Financial Position, given the intent that those funds be used in the routine management of the investment portfolio. The balance of cash equivalents was \$2,930 and \$0 for the years ended June 30, 2020 and 2019 respectively.

Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the Statements of Activities as increases or decreases in the Statement of Activities.

The Foundation invests in various investment instruments which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes in the value of investment securities may have occurred subsequent to year end that could materially affect the amounts reported in the Statement of Financial Position.

Property and Equipment

Property and equipment are recorded at cost. All property and equipment acquisitions in excess of \$1,500 are capitalized at cost. Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs such as salaries and benefits, bank and investment fees, contract labor, payroll taxes, website and network services, technology subscriptions, other, office expenses, printing and postage, community partnerships and payroll services have been allocated among the programs and supporting services benefited based on level of effort.

Deferred Revenue

Deferred revenue consists of sponsorships and other monies received in advance for use in future periods. Sponsorships for fundraising events are recognized as revenue when the event is held.

Income Taxes

The Foundation is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to exempt purpose. This code section enables the Foundation to accept donations that qualify as charitable contributions to the donor. In accordance with U.S. GAAP, the Foundation has concluded there are no uncertain tax positions as of June 30, 2020 and 2019.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Foundation's tax position and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of the guidance.

Donated Services and Materials

The Foundation receives donated cultivation, marketing, legal and accounting services. This donated support is recognized as unrestricted support at their estimated fair values and as an expense in the appropriate functional expense category. See Note 10 for details of the amount of in-kind contributions provided.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Liquidity

The Foundation maintains a liquid cash balance in checking accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Foundation reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Foundation's monthly financial reporting process.

The Foundation's financial assets available within one year to meet cash needs for general expenditures through June 30, 2021 are as follows:

Financial Assets	
Cash	\$ 1,027,288
Accounts receivable	25,700
Investments	69,941,695
Total Financial assets	<u>70,994,683</u>
Less amounts not available within one year	
Purpose restricted net assets	(5,489,810)
Donor advised funds	<u>(56,164,552)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 9,340,321</u></u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

2. CASH AND CASH EQUIVALENTS

Cash as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Checking and money market accounts	\$ 1,027,020	\$ 1,292,946
Petty cash	268	503
	<u>\$ 1,027,288</u>	<u>\$ 1,293,449</u>

The Foundation maintains its cash balances at several different financial institutions in the United States. As of June 30, 2020 and 2019, cash not insured by the Federal Deposit Insurance Corporation was \$1,608,477 and \$920,148, respectively. The Foundation maintained no restricted cash balances as of June 30, 2020 and 2019 respectively.

3. PROPERTY AND EQUIPMENT

Property and depreciation for the year ended June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>			Estimated
	Cost	Depreciation expense	Accumulated depreciation	useful life (years)
Furniture and equipment	\$ 22,395	\$ 1,047	\$ 17,606	3-7
Equipment	43,907	1,261	42,420	7
Leasehold improvements	37,041	4,192	25,164	5
	<u>\$ 103,343</u>	<u>\$ 6,500</u>	<u>\$ 85,190</u>	
	<u>2019</u>			Estimated
	Cost	Depreciation expense	Accumulated depreciation	useful life (years)
Furniture and equipment	\$ 22,395	\$ 1,555	\$ 16,559	3-7
Equipment	43,907	1,255	41,159	7
Leasehold improvements	37,041	4,191	20,972	5
	<u>\$ 103,343</u>	<u>\$ 7,001</u>	<u>\$ 78,690</u>	

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

4. INVESTMENTS

Investments are recorded at fair value and consist of the following at June 30, 2020 and 2019:

	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and Cash Equivalents	\$ 8,819,739	\$ 8,819,739	\$ -
Common Stock			
Basic Materials	91,872	105,192	13,320
Communication Services	699,122	893,624	194,502
Consumer Cyclical	988,865	1,445,107	456,242
Consumer Defensive	637,153	797,040	159,887
Consumer Discretionary	24,519	92,060	67,541
Energy	156,834	109,031	(47,803)
Financial	1,460,759	1,826,194	365,435
Health Care	981,984	1,178,311	196,327
Industrials	610,684	758,614	147,930
Real Estate	234,459	755,684	521,225
Technology	1,624,792	2,914,437	1,289,645
Utilities	229,269	279,131	49,862
Corporate Bond	2,865,787	3,243,191	377,404
Exchange Traded Funds	4,932,721	5,320,778	388,057
Foreign Bond	29,982	30,979	997
Government Bond	344,015	357,208	13,193
Hedgefunds	104,793	101,278	(3,515)
Mutual Funds			
Allocation	1,493,593	1,724,709	231,116
Bank Loan	23,494	21,696	(1,798)
Commodities Broad Basket	48,950	42,016	(6,934)
Communications	449,032	508,683	59,651
Consumer Cyclical	405,049	486,301	81,252
Consumer Defensive	257,215	267,457	10,242
Corporate Bond	1,837,479	2,037,798	200,319
Diversified Emerging Markets	2,383,584	2,358,041	(25,543)
Emerging Markets	409,810	403,078	(6,732)
Energy Limited Partnership	403,124	355,889	(47,235)
Equity Energy	117,587	80,100	(37,487)
Europe Stock	40,083	38,167	(1,916)
Financial	380,589	341,942	(38,647)

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

4. INVESTMENTS (CONTINUED)

	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds (Continued)			
Foreign Large Blend	\$ 3,800,910	\$ 3,598,785	\$ (202,125)
Foreign Large Growth	631,899	705,617	73,718
Foreign Large Value	172,837	146,561	(26,276)
Foreign Small/Mid Blend	35,358	34,263	(1,095)
Global Real Estate	251,988	226,751	(25,237)
Health	660,508	721,133	60,625
High Yield Bond	1,082,889	1,025,784	(57,105)
High Yield Muni	37	35	(2)
Industrials	330,617	343,305	12,688
Inflation-Protected Bond	1,035,359	1,125,208	89,849
Intermediate Core Bond	1,745,575	1,895,462	149,887
Intermediate Core-Plus Bond	1,942,529	1,970,973	28,444
Intermediate Governemnt	713,741	751,950	38,209
Intermediate Term Bond	626,423	672,887	46,464
Large Blend	1,697,749	2,506,465	808,716
Large Growth	1,129,086	1,906,477	777,391
Large Value	1,306,693	1,594,039	287,346
Long Government	174,180	203,227	29,047
Long-Short Equity	1,245,204	1,104,961	(140,243)
Mid Value	205,031	199,500	(5,531)
Mid-Cap Blend	1,246,049	1,343,734	97,685
Mid-Cap Growth	261,927	274,100	12,173
Mid-Cap Value	163,907	180,145	16,238
Miscellaneous Sector	73,202	65,624	(7,578)
Multialternative	1,108,029	1,045,903	(62,126)
Multisector Bond	172,862	171,079	(1,783)
Natural Resources	52,846	56,350	3,504
Nontraditional Bond	92,732	92,688	(44)
Options-based	1,022,987	1,085,631	62,644
Preferred Stock	458,640	441,251	(17,389)
Real Estate	691,159	729,786	38,627
Short Government	88,834	88,986	152
Short-Term Bond	543,609	661,944	118,335
Small Blend	397,047	440,432	43,385
Small Cap Value	107,347	96,249	(11,098)

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

4. INVESTMENTS (CONTINUED)

	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds (Continued)			
Small Growth	\$ 419,410	\$ 588,715	\$ 169,305
Small Value	547,086	668,133	121,047
Technology	817,439	1,103,713	286,274
Ultrashort Bond	921,417	919,302	(2,115)
Utilities	57,545	56,446	(1,099)
World Allocation	40,874	41,682	808
World Bond-USD Hedged	469,571	486,214	16,643
World Large Stock	64,150	117,921	53,771
Preferred Stocks	68,398	66,686	(1,712)
U.S. Bonds	603,012	692,123	89,111
Total	<u>\$ 62,365,630</u>	<u>\$ 69,941,695</u>	<u>\$ 7,576,065</u>
	2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 10,187,973	\$ 10,187,973	\$ -
Common stock			
Basic materials	74,937	81,389	6,452
Communication services	275,526	319,288	43,762
Consumer cyclical	336,949	430,181	93,232
Consumer defensive	216,893	243,254	26,361
Consumer discretionary	835,244	1,573,049	737,805
Consumer staples	181,699	213,771	32,072
Energy	310,579	409,443	98,864
Financial	1,302,879	1,834,240	531,361
Healthcare	1,195,080	1,418,740	223,660
Industrials	514,492	656,435	141,943
Materials	97,394	114,556	17,162
Real estate	147,144	166,730	19,586
Technology	2,147,279	2,769,378	622,099
Telecommunication	68,611	484,608	415,997
Utilities	243,426	307,301	63,875
Corporate bonds	6,429,910	6,651,319	221,409

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

4. INVESTMENTS (CONTINUED)

	2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity exchange traded fund	\$ 19,550,993	\$ 22,366,214	\$ 2,815,221
Government bonds	887,689	896,470	8,781
Mutual funds			
Bank loan	28,813	28,227	(586)
Corporate bond	65,667	69,123	3,456
Diversified emerging markets	2,745,906	2,979,694	233,788
Energy limited partnership	66,974	70,143	3,169
Foreign large blend	588,489	570,736	(17,753)
Foreign large growth	277,205	301,946	24,741
Foreign large value	173,083	169,114	(3,969)
Foreign small/mid blend	48,211	49,766	1,555
Foreign small/mid growth	66,202	65,437	(765)
Global real estate	128,778	133,788	5,010
Government	7,971	8,087	116
High yield bond	152,907	150,651	(2,256)
Inflation-projected bond	47,207	47,405	198
Intermediate core-plus bond	2,478,557	2,505,493	26,936
Intermediate government	59,060	59,284	224
Intermediate-term bond	1,180,555	1,182,770	2,215
Large blend	2,319,625	2,556,726	237,101
Large growth	741,735	876,362	134,627
Large value	1,008,009	1,075,083	67,074
Long-short credit	70,000	67,648	(2,352)
Long-short equity	271,380	277,875	6,495
Managed futures	97,107	93,371	(3,736)
Market neutral	16,666	17,504	838
Mid blend	403,859	374,191	(29,668)
Mid growth	51,795	51,516	(279)
Mid value	18,716	20,149	1,433
Mid-cap blend	223,041	237,200	14,159
Mid-cap growth	308,764	378,259	69,495
Mid-cap value	265,049	286,085	21,036
Moderate growth	12,482	13,278	796
Multi sector	53,929	52,799	(1,130)
Multialternative	338,713	344,530	5,817
Multicurrency	64,368	59,422	(4,946)

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

4. INVESTMENTS (CONTINUED)

	2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds (Continued)			
Multisector bond	\$ 537,755	\$ 532,435	\$ (5,320)
Nontraditional bond	167,340	163,740	(3,600)
Options-based	172,354	172,811	457
Preferred stock	421,968	411,563	(10,405)
Real estate	274,741	288,901	14,160
Short-term bond	300,929	306,871	5,942
Small blend	279,394	294,413	15,019
Small Cap value	42,644	40,697	(1,947)
Small growth	222,611	237,834	15,223
Small value	239,467	238,160	(1,307)
World allocation	137,024	149,072	12,048
World Bond	616,996	636,090	19,094
World Large Stock	58,257	92,098	33,841
Preferred stock	344,813	529,225	184,412
U.S. bonds	631,515	664,780	33,265
Total	<u>\$ 63,833,328</u>	<u>\$ 71,056,691</u>	<u>\$ 7,223,363</u>

Investment income consisted of the following for the year ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 1,776,331	\$ 1,719,313
Realized and unrealized gain on investments	804,651	2,386,063
Investment fees	(704,567)	(671,947)
	<u>\$ 1,876,415</u>	<u>\$ 3,433,429</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

5. FAIR VALUE MEASUREMENTS

The Foundation's classification of fair value for investments is based on the framework established by U.S. GAAP. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in GAAP include a hierarchy based on whether significant valuation inputs are observable. The three levels of the hierarchy are as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets 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 or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Investments in alternative investments are typically valued, as a practical expedient, utilizing the net asset valuation provided by the underlying private investment companies and their administrators, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with U.S. GAAP for investment companies. The Foundation applies the practical expedient to its investments in alternative investments, unless it is different from the net asset valuation. If it is probable that the Foundation will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Foundation considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

Investments in alternative investments are included in Level 3 of the fair value hierarchy. In determining the level, the Foundation considers the length of the time until the investment is redeemable, including notice and lock-up periods or any other restriction on the disposition of the investment. The Foundation also considers the nature of the portfolio of the underlying private investment companies and their ability to liquidate their underlying investments.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

Pooled investment funds are valued at the Net Asset Value (NAV) provided by the underlying investment managers based on the shares held by the Plan at year end. Valuations provided by investment managers including estimates, appraisals, assumptions, and methods are reviewed by management. When necessary, the Plan adjusts NAV for contributions, distributions, or general market conditions subsequent to the latest NAV valuation date when calculating fair value. Because the Plan uses NAV as a practical expedient for fair value for its pooled funds, these investments are excluded from the fair value hierarchy.

The Foundation recognizes transfers between levels of the fair value hierarchy at the end of the period in which events occur impacting the availability of inputs to the fair value methodology. There were no transfers between fair value hierarchy levels for the years ended June 30, 2020.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2020 and 2019:

	2020			
	Fair Value	Level 1	Level 2	NAV
Cash and Cash Equivalents	\$ 8,819,738	\$ 8,575,814	\$ 243,924	\$ -
Common Stock	11,154,425	11,154,425	-	-
Corporate Bond	3,243,191	-	2,101,051	1,142,140
Exchange Traded Funds	5,320,778	4,760,387	-	560,391
Foreign Bond	30,979	-	30,979	-
Government Bond	357,208	-	357,208	-
Hedgefunds	101,278	-	-	101,278
Mutual Funds	40,155,289	20,658,008	-	19,497,281
Preferred Stocks	66,686	-	66,686	-
U.S. Bonds	692,123	-	540,506	151,617
	<u>\$ 69,941,695</u>	<u>\$ 45,148,634</u>	<u>\$ 3,340,354</u>	<u>\$ 21,452,707</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			
	Fair Value	Level 1	Level 2	NAV
Cash and cash equivalents	\$ 10,187,973	\$ 2,293,005	\$ -	\$ 7,894,968
Common stock	11,022,363	11,022,363	-	-
Corporate bonds	6,651,319	-	2,346,338	4,304,981
Equity exchange traded fund	22,366,214	13,182,449	-	9,183,765
Government bonds	896,470	-	377,340	519,130
Mutual funds	18,738,347	17,927,205	-	811,142
Preferred Stock	529,225	-	529,225	-
U.S. bonds	664,780	-	664,780	-
	<u>\$ 71,056,691</u>	<u>\$ 44,425,022</u>	<u>\$ 3,917,683</u>	<u>\$ 22,713,986</u>

6. PAYCHECK PROTECTION PROGRAM LOAN

The Foundation received loan proceeds in the amount of \$131,761 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Foundation intends to use the proceeds for the purposes consistent with the PPP.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

7. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the year ended June 30, 2020 and 2019 is as follows:

	2020			
	Balance at June 30, 2019	Revenue and Support	Released	Balance at June 30, 2020
Education Programs	\$ 2,517,417	\$ 70,171	\$ (153,540)	\$ 2,434,048
Health Programs	2,773,078	91,770	(150,333)	2,714,515
COVID Response Fund	-	1,924,296	(1,895,002)	29,294
Community Specific Programs	262,279	91,979	(42,305)	311,953
Total	<u>\$ 5,552,774</u>	<u>\$ 2,178,216</u>	<u>\$ (2,241,180)</u>	<u>\$ 5,489,810</u>
	2019			
	Balance at June 30, 2018	Revenue and Support	Released	Balance at June 30, 2019
Education programs	\$ 2,530,050	\$ 135,745	\$ (148,378)	\$ 2,517,417
Health programs	2,759,100	167,070	(153,092)	2,773,078
Community specific programs	277,279	-	(15,000)	262,279
Total	<u>\$ 5,566,429</u>	<u>\$ 302,815</u>	<u>\$ (316,470)</u>	<u>\$ 5,552,774</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

8. ENDOWMENT FUNDS

At June 30, 2020, The Foundation's endowment consists of 4 donor restricted funds established for educational and health purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. The donor-restricted endowment fund is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

For the years ended June 30, 2020 and 2019, the endowment funds had the following activity:

	<u>2020</u>	<u>2019</u>
Net assets, beginning of year	\$ 2,406,539	\$ 2,357,480
Interest and dividends	50,431	73,257
Change in fair value of investments	45,135	78,853
Authorized expenditures	<u>(102,909)</u>	<u>(103,051)</u>
Net assets, end of year	<u>\$ 2,399,196</u>	<u>\$ 2,406,539</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

8. ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. However, in some instances the investment or spending policies may be superseded by specific requirements or donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested so as to achieve a reasonable rate of return relative to the board equity and fixed income markets across the full business cycle.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield.

Spending Policy and Investment Objectives

The goal of the Foundation's spending policy is to provide a reasonable, predictable, and sustainable structure that supports the intentions of the original endowment. The policy is designed to ensure that the Foundation remains a perpetual and meaningful provider of funds and services to the community by seeking preservation of its endowment assets. Expenditure requests from endowment funds are submitted to the Foundation for approval, and are released for payment upon approval. Expenditures are awarded in accordance with donor stipulations.

9. CONCENTRATIONS

For the years ended June 30, 2020 and 2019, the Foundation recognized support of \$5,773,688 from eight major donors and \$17,111,475 from seven major donors, respectively.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

10. DONATED SERVICES

The Foundation receives in-kind contributions from members of the Board of Directors and other companies. The fair value of the services received for the year ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Donor cultivation	\$ 4,900	\$ 4,962
Marketing	4,455	4,200
Legal and accounting	593	4,195
Printing	4,805	-
	<u>\$ 14,753</u>	<u>\$ 13,357</u>

11. COMMITMENTS - OFFICE LEASE

The Foundation entered into a three-year lease agreement for office space which expired April 30, 2017 and was renewed for an additional 84 months through April 30, 2023. Rental expense for the year ended June 30, 2020 and 2019 was \$32,768 and \$31,729, respectively.

As of June 30, 2020, future minimum lease payments are as follows:

2021	\$ 38,523
2022	42,622
2023	29,960
	<u>\$ 111,105</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020 (with Comparative Information as of and for the year ended June 30, 2019)

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 31, 2020, the date the financial statements were available to be issued.

Novel COVID-19 Coronavirus

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. While it is premature to accurately predict how the coronavirus will ultimately affect the Foundation's operations because the disease's severity and duration are uncertain, we expect 2021 financial results will be significantly impacted and the implications beyond 2021, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.