

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

FINANCIAL STATEMENTS

**Year Ended June 30, 2023
with Summarized Comparative Information
for the year ended June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 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 the Foundation as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 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.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged 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 Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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
November 19, 2023

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023 (with Comparative Information as of June 30, 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,094,525	\$ 1,437,734
Accounts receivable	38,826	10,000
Prepaid expenses	42,899	32,476
Deposit	<u>33,193</u>	<u>16,900</u>
TOTAL CURRENT ASSETS	<u>1,209,443</u>	<u>1,497,110</u>
PROPERTY AND EQUIPMENT, AT COST, NET	<u>13,677</u>	<u>6,847</u>
OTHER ASSETS		
Investments	88,095,931	77,464,322
Investment - Healthcare Portfolio V DST	1,193,129	1,193,129
Right of use asset - operating	<u>100,532</u>	<u>-</u>
TOTAL OTHER ASSETS	<u>89,389,592</u>	<u>78,657,451</u>
TOTAL ASSETS	<u><u>\$ 90,612,712</u></u>	<u><u>\$ 80,161,408</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 31,646	\$ 26,371
Grants payable	55,000	10,000
Accrued expenses	27,490	26,772
Current operating lease liability	56,815	-
Deferred revenue	<u>154,125</u>	<u>143,400</u>
TOTAL CURRENT LIABILITIES	<u>325,076</u>	<u>206,543</u>
OTHER LIABILITIES		
Long term operating lease liability	<u>84,402</u>	<u>-</u>
TOTAL LIABILITIES	<u>409,478</u>	<u>206,543</u>
NET ASSETS		
Without donor restrictions	85,100,236	75,081,601
With donor restrictions	<u>5,102,998</u>	<u>4,873,264</u>
TOTAL NET ASSETS	<u>90,203,234</u>	<u>79,954,865</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 90,612,712</u></u>	<u><u>\$ 80,161,408</u></u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023 (with Summarized Comparative Information for the year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions	\$ 9,870,879	\$ 175,947	\$ 10,046,826	\$ 11,156,937
Investment income (loss)	8,219,514	576,813	8,796,327	(11,925,977)
Fee income	798,195	-	798,195	851,991
Other income	72,214	-	72,214	37,730
Net assets released from restrictions	523,026	(523,026)	-	-
TOTAL REVENUE	19,483,828	229,734	19,713,562	120,681
EXPENSES				
Program services	8,098,128	-	8,098,128	7,930,174
Support services				
Management and general	615,744	-	615,744	559,200
Fundraising	751,321	-	751,321	549,157
Total support services	1,367,065	-	1,367,065	1,108,357
TOTAL EXPENSES	9,465,193	-	9,465,193	9,038,531
CHANGE IN NET ASSETS	10,018,635	229,734	10,248,369	(8,917,850)
NET ASSETS, beginning of year	75,081,601	4,873,264	79,954,865	88,872,715
NET ASSETS, end of year	\$ 85,100,236	\$ 5,102,998	\$ 90,203,234	\$ 79,954,865

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023 (with Summarized Comparative Information for the year ended June 30, 2022)

	2023			2022	
	Program Services	General and Administrative	Fundraising	Total	Total
Grants	\$ 6,633,858	\$ -	\$ -	\$ 6,633,858	\$ 6,654,372
Salaries and benefits	384,049	329,185	384,049	1,097,283	964,331
Scholarships	543,536	-	-	543,536	381,299
Bank and investment fees	455,631	4,796	19,184	479,611	504,779
Entertainment	-	-	91,253	91,253	5,999
Payroll taxes	26,553	22,759	26,552	75,864	69,040
Contract labor	3,220	23,550	33,630	60,400	80,025
Office expenses	2,893	42,034	4,340	49,267	31,905
Rent	-	46,048	-	46,048	40,349
In-kind expenses:					
Donor cultivation	-	-	42,895	42,895	13,812
Legal services	-	28,178	-	28,178	11,861
Marketing services	-	-	3,493	3,493	900
Printing and postage	11,015	1,835	23,866	36,716	23,010
Technology subscriptions	11,654	11,652	11,652	34,958	35,040
Community partnerships	5,130	7,408	21,800	34,338	35,847
Marketing	-	4,095	25,730	29,825	31,342
Consignment	-	-	28,972	28,972	1,453
Website and network services	1,256	22,608	1,256	25,120	34,381
Accounting	-	24,459	-	24,459	24,371
Fundraising	-	-	18,182	18,182	24,525
Other	5,804	4,549	5,333	15,686	1,173
Dues, subscriptions and publications	-	13,664	1,518	15,182	17,030
Conferences and training	-	13,095	-	13,095	6,782
Program expenses	12,754	-	-	12,754	19,859
Insurance	-	10,257	-	10,257	10,518
Advertising	-	-	6,841	6,841	4,347
Depreciation	-	4,907	-	4,907	5,606
Payroll services	775	665	775	2,215	4,575
TOTAL EXPENSES	\$ 8,098,128	\$ 615,744	\$ 751,321	\$ 9,465,193	\$ 9,038,531

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023 (with Comparative Information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 7,821,166	\$ 5,481,370
Interest and dividend income	1,462,428	900,296
	<u>9,283,594</u>	<u>6,381,666</u>
Cash disbursed by operations		
Payments to employees, grantees, and suppliers	9,320,074	9,044,323
	<u>(36,480)</u>	<u>(2,662,657)</u>
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	(12,420)	-
Purchase of investments	(31,099,700)	(20,792,036)
Proceeds from sales of investments	30,805,391	23,877,018
	<u>(306,729)</u>	<u>3,084,982</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(343,209)</u>	<u>422,325</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>1,437,734</u>	<u>1,015,409</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 1,094,525</u>	<u>\$ 1,437,734</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized (gain) loss in fair value of investments	\$ (9,339,121)	\$ 22,534,250
Increase (decrease) in investment fair value	9,339,121	(22,534,250)
In-kind stock donation	(3,003,402)	(6,587,460)
Increase in investment value	3,003,402	6,587,460
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023 (with Comparative Information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ 10,248,369</u>	<u>\$ (8,917,850)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Depreciation	4,907	5,606
Non-cash occupancy costs	40,685	-
Loss on disposal of assets	683	-
Unrealized (gain) loss on investment	(9,339,121)	22,534,250
Realized loss (gain) on investment	2,005,222	(9,707,977)
Donated stock	<u>(3,003,402)</u>	<u>(6,587,460)</u>
NET ADJUSTMENTS	<u>(10,291,026)</u>	<u>6,244,419</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	(28,826)	480
Prepaid expenses	(10,423)	5,309
Deposit	<u>(16,292)</u>	<u>260</u>
	<u>(55,541)</u>	<u>6,049</u>
LIABILITIES		
Accounts payable	2,603	(5,300)
Grants payable	45,000	-
Accrued expenses	3,390	(38,240)
Deferred revenue	<u>10,725</u>	<u>48,265</u>
	<u>61,718</u>	<u>4,725</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>6,177</u>	<u>10,774</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (36,480)</u></u>	<u><u>\$ (2,662,657)</u></u>

See Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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 advance equity across Northern Virginia through philanthropy and community leadership. 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 Foundation 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

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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.

Revenue Recognition

The Foundation provides donor investment advisory services and discretionary fund services to donors in the Northern Virginia area for the purpose of furthering its mission.

Disaggregation of Revenue

The Foundation disaggregates revenue according to its major goods and services lines provided to donors. This includes contributions, investment income, and fee income.

Performance Obligations

Fee income is recognized based upon administrative services provided to run donor advised and discretionary funds on behalf of donors. Fee income is established on payment or upon signing of contract, for which the Foundation provides administrative services for the donor advised and discretionary funds. Fee income is recognized as the services are provided. Fee income has variable rates based on amount of funds retained by the Foundation and any special services or circumstances, outlined within a contract. No refunds are provided.

Significant Judgments

The price for fee income is determined by management which accounts for all the expenses to be incurred and includes it in the transaction price.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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

Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022, 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.

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 \$4,188 and \$3,115 for the years ended June 30, 2023 and 2022, respectively.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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

Summary of Significant Accounting Policies (Continued)

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.

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, payroll taxes, contract labor, office expenses, printing and postage, technology subscriptions, community partnerships, marketing, website and network services, other expenses, dues, subscriptions and publications, and payroll services have been allocated among the programs and supporting services 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.

Reclassification

Certain account balances within the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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

Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022.

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.

Gifts-in-kind

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. In-kind contributions are reported in the Statement of Activities as both revenue and expense. If a donated asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. See Note 10 for details of the amount of in-kind contributions provided.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability.

The Foundation adopted ASU 2016-02 as of June 30, 2023. As a result, the statement of financial position as of June 30, 2023 includes the right-of-use asset and operating lease liability, which are not reflected in the statement of financial position as of June 30, 2022. There was no effect on beginning net assets without donor restrictions.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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

Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard (Continued)

The Foundation elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases.

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, 2022, from which the summarized information was derived.

Liquidity and Availability of Assets

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, 2024 are as follows:

Financial Assets	
Cash	\$ 1,094,525
Accounts receivable	38,826
Investments	88,095,931
Total Financial assets	<u>89,229,282</u>
Less amounts not available within one year	
Purpose restricted net assets	(5,102,998)
Donor advised funds	<u>(57,701,396)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 26,424,888</u></u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

2. CASH AND CASH EQUIVALENTS

Cash as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
Checking and money market accounts	\$ 1,094,126	\$ 1,437,649
Petty cash	399	85
	<u>\$ 1,094,525</u>	<u>\$ 1,437,734</u>

The Foundation maintains its cash balances at several financial institutions in the United States. As of June 30, 2023 and 2022, cash not insured by the Federal Deposit Insurance Corporation was \$707,273 and \$836,288, respectively. The Foundation maintained no restricted cash balances as of June 30, 2023 and 2022.

3. PROPERTY AND EQUIPMENT

Property and depreciation for the years ended June 30, 2023 and 2022 consisted of the following:

	2023			Estimated
	Cost	Depreciation expense	Accumulated depreciation	useful life (years)
Furniture and equipment	\$ 7,549	\$ 944	\$ 3,094	3-7
Equipment	15,807	470	6,585	7
Leasehold improvements	-	3,493	-	5
	<u>\$ 23,356</u>	<u>\$ 4,907</u>	<u>\$ 9,679</u>	
	2022			Estimated
	Cost	Depreciation expense	Accumulated depreciation	useful life (years)
Furniture and equipment	\$ 22,395	\$ 944	\$ 19,589	3-7
Equipment	43,907	470	43,359	7
Leasehold improvements	37,041	4,192	33,548	5
	<u>\$ 103,343</u>	<u>\$ 5,606</u>	<u>\$ 96,496</u>	

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS

Investments are recorded at fair value and consist of the following at June 30, 2023 and 2022:

	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and Cash Equivalents	\$ 13,247,118	\$ 13,247,118	\$ -
Common Stock			
Basic Materials	155,001	178,743	23,742
Communication Services	496,761	735,177	238,416
Consumer Cyclical	1,480,857	1,765,768	284,911
Consumer Defensive	492,910	627,065	134,155
Corporate Governance	4,742	13,498	8,756
Energy	514,718	578,516	63,798
Entertainment	4,379	2,378	(2,001)
Financial Services	1,450,934	2,231,367	780,433
Foreign Large Growth	54,659	46,635	(8,024)
Healthcare	1,035,955	1,209,711	173,756
Industrial	13,135	14,275	1,140
Industrials	859,872	1,397,412	537,540
Industrials	6,414	8,056	1,642
Intermediate-Term Bond	20,375	36,768	16,393
Large Blend	115,051	161,989	46,938
Large Growth	62,915	78,833	15,918
Large Value	54,447	56,060	1,613
Mid-Cap Growth	152,938	141,479	(11,459)
Real Estate	837,600	1,171,387	333,787
Short-Term Bond	33,542	32,190	(1,352)
Small Growth	23,310	19,235	(4,075)
Technology	1,771,538	2,934,604	1,163,066
Utilities	212,328	379,446	167,118
World Large-Stock Growth	11,748	16,744	4,996
Corporate Bond	2,122,920	2,930,459	807,539
Exchange Traded Funds	4,261,301	3,813,735	(447,566)
Foreign Bond	115,990	134,562	18,572
Hedgefunds	117,406	197,325	79,919

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds			
Allocation -- 50% to 70% Equity	\$ 1,907,367	\$ 2,055,727	\$ 148,360
Bank Loan	39,156	36,452	(2,704)
Canada Stock	40,939	51,581	10,642
Commodities Broad Basket	14,721	22,226	7,505
Communication	223,529	227,901	4,372
Consumer Cyclical	249,744	340,605	90,861
Consumer Defensive	130,673	177,016	46,343
Corporate Bond	1,215,222	1,107,929	(107,293)
Diversified Emerging Markets	1,746,837	1,467,034	(279,803)
Diversified Emerging Mkts	98,281	75,652	(22,629)
Emerging Markets Bond	1,023,944	911,087	(112,857)
Energy	1,980	2,074	94
Equity Energy	109,630	156,011	46,381
Equity Precious Metals	23,479	20,519	(2,960)
Europe Stock	146,942	144,253	(2,689)
Financial	202,305	199,074	(3,231)
Financials	59,967	57,234	(2,733)
Foreign Large Blend	5,987,610	5,929,271	(58,339)
Foreign Large Growth	483,661	486,703	3,042
Foreign Large Value	17,820	20,884	3,064
Global Real Estate	47,766	46,214	(1,552)
Health	780,527	899,361	118,834
High Yield Bond	3,489,821	4,015,404	525,583
Industrials	606,606	638,895	32,289
Inflation-Protected Bond	88,964	98,776	9,812
Intermediate Core Bond	280,074	238,602	(41,472)
Intermediate Core-Plus Bond	2,168,635	2,066,322	(102,313)
Intermediate Government	1,086,076	1,271,654	185,578
Intermediate-Term Bond	1,031,690	933,741	(97,949)
Japan Stock	95,366	95,522	156
Large Blend	15,526,871	17,838,017	2,311,146
Large Growth	501,479	575,638	74,159
Large Value	759,046	875,226	116,180
Long Government	64,113	51,904	(12,209)
Long-short equity	49,949	52,630	2,681

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds (Continued)			
Mid-Cap Blend	\$ 53,168	\$ 57,918	\$ 4,750
Mid-Cap Growth	262,402	285,834	23,432
Mid-Cap Value	211,525	266,067	54,542
Miscellaneous Region	40,336	50,365	10,029
Miscellaneous Sector	12,336	12,222	(114)
Multisector Bond	120,752	102,878	(17,874)
Natural Resources	292,546	270,748	(21,798)
Nontraditional Bond	55,111	56,212	1,101
Pacific/Asia ex-Japan Stk	34,227	36,786	2,559
Preferred Stock	62,723	56,919	(5,804)
Real Estate	320,851	321,676	825
Short Government	109,674	108,102	(1,572)
Short-Term Bond	946,715	906,726	(39,989)
Small Blend	2,355,258	2,271,322	(83,936)
Small Growth	96,657	85,258	(11,399)
Small Value	475,093	523,164	48,071
Systematic Trend	23,208	28,772	5,564
Technology	2,436,011	2,869,462	433,451
Ultrashort Bond	160,402	161,611	1,209
Utilities	139,510	160,892	21,382
World Allocation	37,366	44,286	6,920
World Bond	344,157	294,579	(49,578)
World Bond-USD Hedged	423,841	487,199	63,358
World Large-Stock Growth	27,456	71,734	44,278
World Large-Stock Value	20,253	18,041	(2,212)
Preferred Stock	42,491	37,962	(4,529)
U.S. Government Bond	601,558	581,422	(20,136)
U.S. Government Note	533,165	580,100	46,935
	<u>\$ 80,270,446</u>	<u>\$ 88,095,931</u>	<u>\$ 7,825,485</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and Cash Equivalents	\$ 12,864,273	\$ 12,864,273	\$ -
Common Stock			
Basic Materials	121,778	127,233	5,455
Communication Services	479,328	648,781	169,453
Consumer Cyclical	1,454,097	1,615,827	161,730
Consumer Defensive	478,016	581,454	103,438
Corporate Governance	2,371	1,749	(622)
Energy	393,093	433,419	40,326
Entertainment	2,795	1,602	(1,193)
Financial Services	1,368,979	2,007,841	638,862
Foreign Large Growth	54,659	46,635	(8,024)
Healthcare	930,263	1,022,501	92,238
Industrial	13,602	13,495	(107)
Industrials	839,984	1,136,271	296,287
Industrials	6,714	8,056	1,342
Intermediate-Term Bond	20,375	36,768	16,393
Large Blend	115,051	155,646	40,595
Large Growth	65,698	81,178	15,480
Large Value	54,447	56,060	1,613
Mid-Cap Growth	152,938	141,479	(11,459)
Real Estate	674,970	1,201,076	526,106
Short-Term Bond	33,542	32,190	(1,352)
Small Growth	23,310	19,235	(4,075)
Technology	1,695,821	2,731,537	1,035,716
Utilities	214,279	319,132	104,853
World Large-Stock Growth	8,965	14,399	5,434
Corporate Bond	4,452,571	4,623,350	170,779
Exchange Traded Funds	5,392,018	4,781,265	(610,753)
Foreign Bond	105,990	105,029	(961)
Hedgefunds	123,717	203,063	79,346

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds			
Allocation -- 50% to 70% Equity	\$ 1,691,951	\$ 1,791,038	\$ 99,087
Bank Loan	39,156	36,452	(2,704)
Canada Stock	40,939	49,459	8,520
Commodities Broad Basket	14,870	20,205	5,335
Communication	223,767	225,492	1,725
Consumer Cyclical	310,110	336,836	26,726
Consumer Defensive	130,822	155,242	24,420
Corporate Bond	1,221,630	1,108,479	(113,151)
Diversified Emerging Markets	320,181	299,690	(20,491)
Diversified Emerging Mkts	722,359	571,696	(150,663)
Emerging Markets Bond	941,658	825,341	(116,317)
Energy	1,980	2,074	94
Equity	774,028	624,448	(149,580)
Equity Energy	109,773	154,154	44,381
Equity Precious Metals	23,716	18,653	(5,063)
Europe Stock	136,118	120,979	(15,139)
Financial	236,278	237,592	1,314
Financials	59,967	57,234	(2,733)
Foreign Large Blend	2,107,348	1,895,413	(211,935)
Foreign Large Growth	445,594	409,969	(35,625)
Foreign Large Value	18,000	18,986	986
Global Real Estate	47,960	43,649	(4,311)
Health	1,506,075	1,533,970	27,895
High Yield Bond	1,183,510	1,084,407	(99,103)
Industrials	606,779	626,914	20,135
Inflation-Protected Bond	90,110	88,749	(1,361)
Intermediate Core Bond	269,781	234,853	(34,928)
Intermediate Core-Plus Bond	2,464,773	2,224,271	(240,502)
Intermediate Government	1,378,971	1,294,607	(84,364)
Intermediate-Term Bond	573,303	520,019	(53,284)
Japan Stock	95,673	83,252	(12,421)
Large Blend	1,610,554	2,034,261	423,707
Large Growth	7,281,769	5,613,435	(1,668,334)
Large Value	7,245,959	6,512,493	(733,466)
Long Government	64,169	51,450	(12,719)

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds (Continued)			
Long-Short Equity	\$ 50,183	\$ 57,887	\$ 7,704
Mid-Cap Blend	48,240	50,838	2,598
Mid-Cap Growth	200,438	182,467	(17,971)
Mid-Cap Value	109,725	137,541	27,816
Miscellaneous Region	40,743	45,786	5,043
Miscellaneous Sector	12,336	12,222	(114)
Multisector Bond	116,503	102,446	(14,057)
Natural Resources	192,671	169,434	(23,237)
Nontraditional Bond	95,691	85,228	(10,463)
Pacific/Asia ex-Japan Stk	34,572	33,441	(1,131)
Preferred Stock	62,774	56,482	(6,292)
Real Estate	937,572	810,820	(126,752)
Short Government	110,270	105,508	(4,762)
Short-Term Bond	937,305	893,445	(43,860)
Small Blend	5,361,052	4,158,724	(1,202,328)
Small Growth	96,725	84,287	(12,438)
Small Value	274,527	296,271	21,744
Systematic Trend	23,443	27,975	4,532
Technology	2,065,581	1,931,687	(133,894)
Ultrashort Bond	155,755	155,238	(517)
Utilities	139,618	139,786	168
World Allocation	37,605	41,745	4,140
World Bond	238,899	213,452	(25,447)
World Bond-USD Hedged	445,073	506,898	61,825
World Large-Stock Growth	24,663	39,599	14,936
World Large-Stock Value	20,253	18,041	(2,212)
Preferred Stock	70,819	63,270	(7,549)
U.S. Government Bond	598,441	544,679	(53,762)
U.S. Government Note	617,356	582,819	(34,537)
	<u>\$ 79,252,108</u>	<u>\$ 77,464,322</u>	<u>\$ (1,787,786)</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

4. INVESTMENTS (CONTINUED)

Investment income consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 2,260,630	\$ 1,754,655
Realized and unrealized gain (loss) on investments	7,333,899	(12,826,273)
Investment fees	<u>(798,202)</u>	<u>(854,359)</u>
	<u>\$ 8,796,327</u>	<u>\$ (11,925,977)</u>

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.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2023 and 2022.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2023 and 2022:

	2023			
	Fair Value	Level 1	Level 2	NAV
Cash and Cash Equivalents	\$ 13,247,118	\$ 13,247,118	\$ -	\$ -
Common Stock	13,837,336	13,837,336	-	-
Corporate Bond	2,930,459	-	824,496	2,105,963
Exchange Traded Funds	3,813,735	3,735,087	-	78,648
Foreign Bond	134,562	-	134,562	-
Hedge Funds	197,325	-	-	197,325
Mutual Funds	52,735,912	50,975,993	-	1,759,919
Preferred Stock	37,962	-	37,962	-
US Government Bond	581,422	-	445,474	135,948
US Government Note	580,100	-	580,100	-
	<u>\$ 88,095,931</u>	<u>\$ 81,795,534</u>	<u>\$ 2,022,594</u>	<u>\$ 4,277,803</u>

Subsequent to the fiscal year end, the value of the investments within the Foundation's investment portfolio declined by 2.54% as a result of market fluctuation; however, the Foundation does not consider these investments to be other-than-temporarily impaired.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

	2022			
	Fair Value	Level 1	Level 2	NAV
Cash and Cash Equivalents	\$ 12,716,851	\$ 12,716,851	\$ -	\$ -
Common Stock	12,401,510	12,401,510	-	-
Corporate Bond	2,626,142	-	843,187	1,782,955
Foreign Bond	105,029	-	105,029	-
Hedge Funds	203,063	-	-	203,063
Mutual Funds	42,808,411	39,468,580	-	3,339,831
Preferred Stock	63,270	-	63,270	-
US Government Bond	1,175,962	-	408,732	767,230
US Government Note	582,819	-	582,819	-
Exchange Traded Funds	4,781,265	4,742,533	-	38,732
	<u>\$ 77,464,322</u>	<u>\$ 69,329,474</u>	<u>\$ 2,003,037</u>	<u>\$ 6,131,811</u>

6. INVESTMENT - HEALTHCARE PORTFOLIO V DST

In 2023, the Foundation received a contribution of a 1.9926% beneficial interest in the Healthcare Portfolio V DST to the Community Foundation of Nova-Reston Scholarship Fund. For the year ended June 30, 2023, the investment was recognized at a cost basis valuation of \$1,193,129.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

7. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the years ended June 30, 2023 and 2022 is as follows:

	2023			
	Balance at June 30, 2022	Investment Revenue and Support	Released	Balance at June 30, 2023
Education Programs	\$ 2,247,311	\$ 273,985	\$ (182,038)	\$ 2,339,258
Health Programs	2,576,587	302,828	(163,418)	2,715,997
COVID Response Fund	180	61	(2)	239
Community Specific Programs	49,186	175,886	(177,568)	47,504
Total	<u>\$ 4,873,264</u>	<u>\$ 752,760</u>	<u>\$ (523,026)</u>	<u>\$ 5,102,998</u>
	2022			
	Balance at June 30, 2021	Revenue and Support	Released	Balance at June 30, 2022
Education Programs	\$ 2,795,762	\$ (372,575)	\$ (175,876)	\$ 2,247,311
Health Programs	3,207,213	(478,387)	(152,239)	2,576,587
COVID Response Fund	17,593	15,735	(33,148)	180
Community Specific Programs	249,239	267,751	(467,804)	49,186
Total	<u>\$ 6,269,807</u>	<u>\$ (567,476)</u>	<u>\$ (829,067)</u>	<u>\$ 4,873,264</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

8. ENDOWMENT FUNDS

At June 30, 2023, 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, 2023 and 2022, the endowment funds had the following activity:

	2023	2022
Net assets, beginning of year	\$ 2,294,787	\$ 2,843,390
Interest and dividends	88,512	108,228
Contributions	-	9,051
Change in fair value of investments	114,910	(546,013)
Authorized expenditures	<u>(143,486)</u>	<u>(119,869)</u>
Net assets, end of year	<u>\$ 2,354,723</u>	<u>\$ 2,294,787</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, 2023 and 2022.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

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, 2023 and 2022, the Foundation recognized support of \$4,520,638 and \$4,213,876 from four major donors, respectively.

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

10. DONATED SERVICES

The Foundation receives in-kind contributions from members of the Board of Directors and other companies. These donated professional services have been recorded in the financial statements at their estimated fair value under the statement of activities. Due to the nature of these nonfinancial assets, the services were utilized in the period they were received and there were no donor restrictions imposed on them. Inputs used to measure the initial recognition of donated services consist of current market rates for services received. The following table outlines the activity for the years ended June 30, 2023 and 2022, respectively:

	2023	2022
Marketing	\$ 42,895	\$ 13,812
Legal and accounting	28,178	11,861
Donor cultivation	3,493	900
	<u>\$ 74,566</u>	<u>\$ 26,573</u>

11. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Foundation entered into a thirty-month lease agreement for office space located in Fairfax, Virginia, commencing on April 1, 2023, and which expires on September 30, 2025. Lease expense for the year ended June 30, 2023 and 2022 was \$46,048 and \$40,349, respectively.

The weighted average remaining lease term for the Foundation's operating lease is 30 months. The weighted average discount rate used to calculate the present value of the sum of the lease payments, which is recorded as lease liability for the Institute's operating lease is 3.81%. This rate is determined to be the borrowing rate as of the lease agreement execution date and reflects the Foundation's risk-free rate.

Future minimum lease payments required under the lease are as follows:

For years ended June 30, 2023:	
2024	\$ 61,120
2025	68,477
2026	<u>17,469</u>
	<u>\$ 147,066</u>

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 (with Comparative Information as of and for the year ended June 30, 2022)

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future Meeting Sites

The Foundation entered into several agreements for future meeting sites with various hotels. In the event of the cancellation of these agreements on June 30, 2023, the maximum cancellation penalty would be \$27,600. Subsequent to the fiscal year end, the Foundation satisfied the terms of these contracts and, therefore, was not liable for any cancellation fees.

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 19, 2023, the date the financial statements were available to be issued.