



## **Financial Statements**

December 31, 2023 and 2022



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# CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

## Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

## INDEPENDENT AUDITOR'S REPORT

To the Governing Board of  
Charlottesville Area Community Foundation

### Opinion

We have audited the accompanying financial statements of Charlottesville Area Community Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2023 and 2022, and the statements of activities, functional expenses, and cash flows for the years 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 December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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.



October 11, 2024  
Glen Allen, Virginia

**CHARLOTTESVILLE AREA COMMUNITY FOUNDATION**

Statements of Financial Position  
December 31, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 2,006,819	\$ 1,915,779
Investments, at fair value	281,268,991	264,527,089
Beneficial interests in trusts	14,220,750	15,856,312
Other assets	<u>17,744</u>	<u>10,257</u>
Total assets	<u>\$ 297,514,304</u>	<u>\$ 282,309,437</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 64,226	\$ 93,127
Grants payable	3,098,848	2,742,457
Agency funds payable	<u>40,606,368</u>	<u>35,128,993</u>
Total liabilities	<u>43,769,442</u>	<u>37,964,577</u>
Net assets:		
Without donor restrictions:		
Board advised	22,942,872	21,091,877
Field of interest	14,691,750	11,242,782
Designated	8,042,298	7,240,748
Scholarships	12,974,091	11,882,470
Donor and committee advised	<u>180,813,101</u>	<u>176,970,671</u>
Total net assets without donor restrictions	<u>239,464,112</u>	<u>228,428,548</u>
With donor restrictions:		
Beneficial interest in trusts	14,220,750	15,856,312
Principal gift held in perpetuity	<u>60,000</u>	<u>60,000</u>
Total net assets with donor restrictions	<u>14,280,750</u>	<u>15,916,312</u>
Total net assets	<u>253,744,862</u>	<u>244,344,860</u>
Total liabilities and net assets	<u>\$ 297,514,304</u>	<u>\$ 282,309,437</u>

See accompanying notes to the financial statements.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Statement of Activities Year Ended December 31, 2023, with Summarized Financial Information for 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
Revenues, gains (losses), and support:				
Contributions of cash and other financial assets, including agency receipts	\$ 13,682,942	\$ -	13,682,942	\$ 28,479,795
Less: amounts for agency receipts	<u>1,738,461</u>	<u>-</u>	<u>1,738,461</u>	<u>3,479,481</u>
Total contributions	11,944,481	-	11,944,481	25,000,314
Dividends and interest	6,125,790	-	6,125,790	4,280,617
Net investment return (loss), net of fees of \$1,130,683	20,932,710	-	20,932,710	(48,722,357)
Change in value of split interest agreements (trusts)	-	(579,615)	(579,615)	(5,122,059)
Fee income	313,975	-	313,975	324,365
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,558</u>
Total revenues, gains (losses), and support	<u>39,316,956</u>	<u>(579,615)</u>	<u>38,737,341</u>	<u>(24,135,562)</u>
Net assets released from restrictions	<u>1,055,947</u>	<u>(1,055,947)</u>	-	-
Expenses:				
Program:				
Grants and distributions	26,937,503	-	26,937,503	22,309,706
Less: distributions from agency funds	<u>1,055,482</u>	<u>-</u>	<u>1,055,482</u>	<u>3,726,926</u>
Total grants	25,882,021	-	25,882,021	18,582,780
Program expenses other than grants	<u>2,215,518</u>	<u>-</u>	<u>2,215,518</u>	<u>1,778,979</u>
Total program	28,097,539	-	28,097,539	20,361,759
General administration	945,357	-	945,357	700,817
Fundraising	<u>294,443</u>	<u>-</u>	<u>294,443</u>	<u>105,038</u>
Total expenses	<u>29,337,339</u>	<u>-</u>	<u>29,337,339</u>	<u>21,167,614</u>
Change in net assets	11,035,564	(1,635,562)	9,400,002	(45,303,176)
Net assets, beginning of year	<u>228,428,548</u>	<u>15,916,312</u>	<u>244,344,860</u>	<u>289,648,036</u>
Net assets, end of year	<u>\$ 239,464,112</u>	<u>\$ 14,280,750</u>	<u>\$ 253,744,862</u>	<u>\$ 244,344,860</u>

See accompanying notes to the financial statements.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Statement of Activities Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses), and support:			
Contributions of cash and other financial assets, including agency receipts	\$ 28,479,795	\$ -	\$ 28,479,795
Less: amounts for agency receipts	3,479,481	-	3,479,481
Total contributions	25,000,314	-	25,000,314
Dividends and interest	4,280,617	-	4,280,617
Net investment loss, net of fees of \$933,631	(48,722,357)	-	(48,722,357)
Change in value of split interest agreements (trusts)	-	(5,122,059)	(5,122,059)
Fee income	324,365	-	324,365
Other income	103,558	-	103,558
Total revenues, gains (losses), and support	(19,013,503)	(5,122,059)	(24,135,562)
Net assets released from restrictions	1,510,366	(1,510,366)	-
Expenses:			
Program:			
Grants and distributions	22,309,706	-	22,309,706
Less: distributions from agency funds	3,726,926	-	3,726,926
Total grants	18,582,780	-	18,582,780
Program expenses other than grants	1,778,979	-	1,778,979
Total program	20,361,759	-	20,361,759
General administration	700,817	-	700,817
Fundraising	105,038	-	105,038
Total expenses	21,167,614	-	21,167,614
Change in net assets	(38,670,751)	(6,632,425)	(45,303,176)
Net assets, beginning of year	267,099,299	22,548,737	289,648,036
Net assets, end of year	\$ 228,428,548	\$ 15,916,312	\$ 244,344,860

See accompanying notes to the financial statements.

**CHARLOTTESVILLE AREA COMMUNITY FOUNDATION**

Statement of Functional Expenses  
Year Ended December 31, 2023

	Program Services	General Administration	Fundraising	Total
Grant expense	\$ 25,882,021	\$ -	\$ -	\$ 25,882,021
Salaries, wages, and employee benefits	1,352,744	405,288	126,514	1,884,546
Professional fees	581,177	253,487	50,617	885,281
Information technology	77,622	88,396	80,294	246,312
Other expenses	-	135,619	-	135,619
Communications	91,371	-	18,162	109,533
Professional development	43,686	13,088	4,086	60,860
Office and meeting supplies	34,609	10,369	11,561	56,539
Occupancy	34,309	10,279	3,209	47,797
Insurance	-	28,831	-	28,831
	<u>\$ 28,097,539</u>	<u>\$ 945,357</u>	<u>\$ 294,443</u>	<u>\$ 29,337,339</u>

See accompanying notes to the financial statements.



**CHARLOTTESVILLE AREA COMMUNITY FOUNDATION**

Statement of Functional Expenses  
Year Ended December 31, 2022

	Program Services	General Administration	Fundraising	Total
Grant expense	\$ 18,582,780	\$ -	\$ -	\$ 18,582,780
Salaries, wages, and employee benefits	1,132,419	343,598	71,386	1,547,403
Professional fees	325,003	127,647	-	452,650
Information technology	108,643	82,785	20,696	212,124
Professional development	42,562	12,795	2,682	58,039
Communications	65,110	25,045	6,261	96,416
Taxes	-	60,290	-	60,290
Office and meeting supplies	47,698	7,317	1,264	56,279
Occupancy	36,142	10,897	2,284	49,323
Insurance	-	27,501	-	27,501
Postage and copying	15,845	2,942	465	19,252
Miscellaneous	5,557	-	-	5,557
	<u>\$ 20,361,759</u>	<u>\$ 700,817</u>	<u>\$ 105,038</u>	<u>\$ 21,167,614</u>

See accompanying notes to the financial statements.

**CHARLOTTESVILLE AREA COMMUNITY FOUNDATION**

Statements of Cash Flows  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,400,002	\$ (45,303,176)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net investment (return) loss	(20,932,710)	48,722,357
Change in value of beneficial interests in trust	579,615	5,122,059
Collection on beneficial interests in trusts	1,055,947	1,510,366
Changes in operating assets and liabilities:		
Other assets	(7,487)	(4,115)
Accounts payable and accrued expenses	(28,901)	55,241
Grants payable	356,391	(1,926,240)
Agency funds payable	<u>5,477,375</u>	<u>(10,207,057)</u>
Net cash used in operating activities	(4,099,768)	(2,030,565)
Cash flows provided by investing activities:		
Proceeds from investments, net	<u>4,190,808</u>	<u>2,554,509</u>
Net change in cash	91,040	523,944
Cash, beginning of year	<u>1,915,779</u>	<u>1,391,835</u>
Cash, end of year	<u><u>\$ 2,006,819</u></u>	<u><u>\$ 1,915,779</u></u>

See accompanying notes to the financial statements.

# CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

## Notes to Financial Statements

### 1. Nature of Foundation:

Charlottesville Area Community Foundation (the "Foundation") is a non-stock corporation organized under the laws of the Commonwealth of Virginia. The mission of the Foundation is to create equitable, just, sustainable, and life-improving opportunities in the city of Charlottesville and the surrounding counties of Albemarle, Buckingham, Fluvanna, Greene, Louisa, Nelson, and Orange. The Foundation believes that strong community relationships are powerful forces for change, especially when they are founded on a shared vision of a thriving region that works for everyone. The Foundation makes grants to support partner organizations working to address community challenges and opportunities, while working with donors to fulfill their philanthropic interests and conduct tax-efficient charitable giving.

### 2. Summary of Significant Accounting Policies:

**Basis of Presentation:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

The financial statements are presented in accordance with FASB guidance, which requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

***Net Assets Without Donor Restrictions*** – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include: 1) Revenues and expenses of the primary operations of the Foundation 2) Donor-restricted contributions, sponsorships and grants whose restrictions are met in the same reporting period 3) Board designated funds as assessed by the Governing Board for use of the Foundation's discretionary grants program and to partially support administrative operations.

Board designated funds include board advised funds, field of interest funds, designated funds, scholarship funds, and donor and committee advised funds. Board advised funds are used for grant making, administrative expenses, and discretionary spending based on spending policies established by the Governing Board. Field of interest and designated funds are reserved for the use of awarding grants to community organizations serving a particular field of interest as identified by donors or to serve for the use of providing supporting gifts to a nonprofit that is specified by donors. Scholarship funds support individuals in their pursuit of educational opportunities in accordance with donor-defined award criteria, with scholarship distributions paying the funds directly to an educational institution.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

##### Basis of Presentation, Continued:

***Net Assets Without Donor Restrictions, Continued***– Donor and committee advised funds are those funds where a donor or group of donors wish to be actively involved in the choice of grant recipients and have ongoing involvement by recommending gifts to address needs in the Charlottesville area and surrounding communities.

***Net Assets With Donor Restrictions***– Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they may be maintained permanently by the Foundation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

**Cash:** The Foundation considers cash in demand deposits, money market accounts and other highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, except for those short-term investments managed as part of long-term investment strategies. Thus, cash in operating accounts is included in the statements of financial position as cash, and other cash and equivalents are included in investments. The balances in these accounts at times may exceed federally insured limits. However, the Foundation does not believe it is subject to any significant credit risk as a result of these deposits.

**Investments:** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the statements of activities. Investment income, gains, and losses are reported as increases or decreases in net assets with or without donor restrictions based upon donor or time restrictions. Donated investments are recorded at their fair value on the date of the contribution.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Beneficial Interests in Trusts:** The Foundation has been named the beneficiary of several charitable remainder trusts and charitable lead trusts. Contribution revenue based on the present value of the expected benefits was recognized as being with donor restrictions in the years the trusts were funded due to the implied time restrictions. The lead trusts make distributions to the Foundation for the term of the trust. The remainder trusts make distributions to other beneficiaries for the term of the trust or life of the grantor and the Foundation will receive the remaining amount of the trust assets at termination. The assets of all trusts are held by external trustees. On an annual basis, the Foundation reviews the need to revalue the liability to make distributions to the beneficiaries based on actuarial assumptions for the remainder trusts and the beneficial value remaining on the lead trusts. The present value of the estimated future benefits was calculated using a discount rate of 5.8% in 2023 and 5.2% in 2022. The change in value on these split-interest agreements was a decrease of \$579,615 in 2023 and a decrease of \$5,122,059 in 2022.

**Agency Obligations:** The Foundation accepts assets from unaffiliated nonprofit Foundations (“agencies”) that name themselves or their affiliates as the beneficiaries of the funds created. In accordance with generally accepted accounting principles, a liability has been established for the fair value of the funds and no contribution revenue was recognized for the period in which the agency funds are received.

**Support and Revenue Recognition:** The bylaws and fund agreements of the Foundation include a Variance Provision giving the Governing Board the power to vary the use of funds. While the Foundation attempts to meet the desires of the donors or advisors, the Foundation reserves the right to modify any recommended distributions from funds if, in the sole judgment of the Foundation’s Board, such distributions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or if a distribution requested by a donor would result in use of funds contrary to the intent originally understood.

Based on the Variance Provision, substantially all contributions received by the Foundation are reported as support without donor restrictions, except for assets related to charitable lead and remainder trusts, which are classified as support with donor restrictions due to the time restrictions on the assets, and one fund which the donor restricted for the principal to be invested permanently and only the income is available for distributions.

Charitable remainder trusts and charitable lead trusts are reported as support with donor restrictions until collected. When a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions to agencies are reported as a liability.

Contributions of donated noncash assets are recorded at their fair values in the period received.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Contributed Services:** Many individuals volunteer their time by assisting with committee assignments and donor relations, but these services do not meet the criteria for recognition as contributed services under GAAP.

**Advertising:** There were no advertising costs for 2023. Advertising costs totaling \$61,383 were expensed as incurred in 2022.

**Rent Expense:** Rent expense for office space and equipment is expensed as incurred. Total rent expense was \$31,475 for 2023 and \$37,801 for 2022. The Foundation has no material commitments related to leases.

**Functional Allocation of Expenses:** The costs of providing support to fundholders, component funds, local charities and nonprofits have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among various functional areas. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position. Occupancy costs have been allocated based on the percent of time each employee spends performing each function as defined by their position. All other non-grant costs have been allocated among program, general administration, and fundraising on the basis of the activity benefited based on management's estimates.

**Grants:** Unconditional grants are recorded as expense in the year they are approved by the Board. The Foundation had conditional grants totaling \$30,000 and \$353,728 as of December 31, 2023 and December 31, 2022, respectively. Payment is conditional upon the grantee organizations overcoming specific barriers as laid out in the grant agreements.

Certain grant agreements, considered recoverable grants, provide for repayment of the grant amounts upon the recipient meeting certain accomplishments, milestones, or the passage of time. Recoverable grants are recorded as expense in the year they are approved by the board. Income is recorded when the grant is repaid. Recoverable grant income totaling \$40,724 for 2023 and \$1,375,000 for 2022 was recorded net against grant expense.

**Income Taxes:** The Foundation is exempt from income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes on exempt income included in the accompanying financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation other than a private foundation under Section 509(a)(1).

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Income Taxes, Continued:** As a result of certain investments, the Foundation is subject to unrelated business income tax. Unrelated business income tax totaled \$9,448 in 2023, included in *other expenses*, and \$60,290 in 2022.

**Income Tax Uncertainties:** The Foundation follows the FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation is not currently under audit by any tax jurisdiction.

**Subsequent Events:** Management has evaluated subsequent events through October 11, 2024, the date the financial statements were available to be issued and has determined that there are no items to be recognized or disclosed.

#### 3. Liquidity and Availability of Financial Assets:

General expenditures are funded primarily through administrative fees assessed on component fund balances. Current financial assets available for general expenditure within one year of the statement of financial position date, that is, without donor or other restrictions limiting their use, also include administrative and board-designated funds. These funds totaled \$13,076,650 as of December 31, 2023 and \$11,251,529 as of December 31, 2022 and follow the Foundation's spending policy which allows for spending of 4 to 5 percent of the trailing 12-quarter average of the market value of each fund balance (4.5% for 2023).

In addition, the Foundation maintains balances in bank accounts for day-to-day expenditures and monthly payroll. Cash balances totaling \$1,047,768 as of December 31, 2023 and \$809,912 as of December 31, 2022 were also available for general expenditure.

The Foundation generally uses the assets held for donor advised funds for grant making based on donor recommendations however those funds are not donor-restricted.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 4. Fair Value Measurements:

The Foundation has adopted FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

**Money market:** Valued at the cash balance.

**Marketable equity securities, EFTs, and mutual funds:** Valued at closing prices reported on the active market on which the individual securities are traded.

**Marketable debt securities:** Valued at quoted market prices of similar investments in active markets or quoted prices for identical or similar instruments in inactive markets.

**Real estate investment trusts:** Valued at closing prices reported on the active market on which the individual securities are traded.



**CHARLOTTESVILLE AREA COMMUNITY FOUNDATION**

Notes to Financial Statements, Continued

**4. Fair Value Measurements, Continued:**

**Real estate companies:** Valued using recent assessments of the underlying assets or the direct capitalization income method.

**Beneficial interest in trusts:** Valued using the fair value of underlying assets of the trust as an estimate for the present value of the expected future cash flows discounted at 5.8% for 2023 and 5.2% for 2022.

**Grants payable:** Valued at the sum of future payables adjusted to the present value using a discount rate of 5.8% and 5.2% during 2023 and 2022, respectively.

**Agency funds payable:** Valued using the fair value of underlying assets.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2023:

	Fair Value Using			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Investment money market accounts	\$ 44,677,487	\$ -	\$ -	\$ 44,677,487
Marketable equity securities and ETFs:				
Domestic	89,178,257	-	-	89,178,257
International	17,068,359	-	-	17,068,359
Marketable equity mutual funds:				
Domestic	18,702,400	-	-	18,702,400
International	6,077,325	-	-	6,077,325
Marketable debt securities:				
Domestic mutual funds	90,487	-	-	90,487
Corporate bonds	-	48,169,892	-	48,169,892
Government obligations	-	10,189,424	-	10,189,424
International obligations	-	182,904	-	182,904
Real estate investment trusts	1,234,061	-	-	1,234,061
Real estate companies	-	-	10,266,808	10,266,808
Beneficial interests in trusts	-	-	14,220,750	14,220,750
Total assets in the fair value hierarchy	<u>\$ 177,028,376</u>	<u>\$ 58,542,220</u>	<u>\$ 24,487,558</u>	260,058,154
Investments measured at NAV (a)				<u>35,431,587</u>
Total assets at fair value				<u>\$ 295,489,741</u>
<b>Liabilities:</b>				
Grants payable	\$ -	\$ 3,098,848	\$ -	\$ 3,098,848
Agency funds payable	-	40,606,368	-	40,606,368
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 43,705,216</u>	<u>\$ -</u>	<u>\$ 43,705,216</u>

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 4. Fair Value Measurements, Continued:

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022:

	Fair Value Using			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Investment money market accounts	\$ 15,708,160	\$ -	\$ -	\$ 15,708,160
Marketable equity securities and ETFs:				
Domestic	96,947,626	-	-	96,947,626
International	18,978,537	-	-	18,978,537
Marketable equity mutual funds:				
Domestic	17,858,558	-	-	17,858,558
International	5,737,211	-	-	5,737,211
Marketable debt securities:				
Domestic mutual funds	84,932	-	-	84,932
Corporate bonds	-	27,871,292	-	27,871,292
Government obligations	-	37,841,714	-	37,841,714
International obligations	-	568,201	-	568,201
Real estate investment trusts	1,151,624	-	-	1,151,624
Real estate companies	-	-	8,879,247	8,879,247
Beneficial interests in trusts	-	-	15,856,312	15,856,312
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets in the fair value hierarchy	<u>\$ 156,466,648</u>	<u>\$ 66,281,207</u>	<u>\$ 24,735,559</u>	247,483,414
Investments measured at NAV (a)				<u>32,899,987</u>
Total assets at fair value				<u>\$ 280,383,401</u>
<b>Liabilities:</b>				
Grants payable	\$ -	\$ 2,742,457	\$ -	\$ 2,742,457
Agency funds payable	-	35,128,993	-	35,128,993
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 37,871,450</u>	<u>\$ -</u>	<u>\$ 37,871,450</u>

(a) In accordance with FASB guidance related to fair value, investments that were measured using NAV per share as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position and consist of investments in Bluestem Partners, LP and other alternative investment funds. The investment in Bluestem Partners, LP is subject to a revolving three-year lockup period requiring 90 day written notice for withdrawal.

## CHARLOTTESVILLE AREA COMMUNITY FOUNDATION

### Notes to Financial Statements, Continued

#### 4. Fair Value Measurements, Continued:

There were no transfers into or out of level 3 assets during 2023 and 2022. The Foundation had collections on beneficial interests in trusts (level 3) amounting to \$1,055,947 during 2023 and \$1,510,366 during 2022. During 2022, the Foundation received proceeds from sales of level 3 assets totaling \$93,587.

#### 5. Grants Payable:

The Foundation's Board approved multi-year grants and scholarships payable in future years. Commitments for grants and scholarships outstanding as of December 31, 2023 are due as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 1,624,333
2025	810,000
2026	530,000
2027	<u>275,000</u>
Total undiscounted commitments	3,239,333
Less: discount to present value (5.8%)	<u>(140,485)</u>
Total	<u>\$ 3,098,848</u>

#### 6. Net Assets With Donor Restrictions:

Net assets with donor restrictions result from the implied time restriction related to the future interests in trusts totaling \$14,220,750 as of December 31, 2023 and \$15,856,312 as of December 31, 2022. The amounts released from restrictions totaled \$1,055,947 for 2023 and \$1,510,366 for 2022.

Net assets with donor restrictions of \$60,000 consist of the historic gift amount of one fund where assets are to be held in perpetuity. The income from these net assets is expendable without donor restriction.

#### 7. Retirement Plan:

The Foundation offers an optional salary deferral plan for employees. The Foundation matched contributions of \$80,624 during 2023 and \$65,529 during 2022.