Report of Independent Auditors and Financial Statements

Community Foundation for a Greater Richmond

December 31, 2022 and 2021

MOSSADAMS

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Report of Independent Auditors

The Board of Governors
Community Foundation for a Greater Richmond

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Community Foundation for a Greater Richmond (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating all controlled affiliates, as discussed in the Basis for Qualified Opinion section of our report, the December 31, 2022 financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for a Greater Richmond as of December 31, 2022, 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 ("GAAS").

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, the Foundation has not consolidated the financial position or activities of all controlled affiliates. In our opinion, accounting principles generally accepted in the Unites States require that all controlled affiliates be accounted for as consolidated entities. Due to the timing of reporting from such affiliates, the quantitative impact is impracticable to determine as of and for the year ended December 31, 2022. The Foundation prepares consolidated financial statements that include all controlled affiliates, which are its financial statements prepared for compliance with accounting principles generally accepted in the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Foundation for a Greater Richmond 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation for a Greater Richmond'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Other Matter

Prior Period Financial Statements

The financial statements of Community Foundation for a Greater Richmond as of and for the year ended December 31, 2021 were audited by other auditors whose report dated June 21, 2022, expressed a qualified opinion on those statements because of the departure from generally accepted accounting principles described in the Basis for Qualified Opinion section of our report.

Moss Adams LLP

San Francisco, California
July 10, 2023

Financial Statements

Community Foundation for a Greater Richmond
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 24,999,125	$ 17,965,844
Investments, at fair value	658,467,608	734,857,601
Pledges and other receivables, net	6,928,744	22,170,878
Prepaid expenses	210,152	263,827
Property and equipment, net	961,538	795,011
Right-of-use assets	2,388,068	2,702,076
Cash surrender value of life insurance	48,303	45,457
Assets held in trust, at fair value	64,873,074	80,549,077
Total assets	$ 758,876,612	$ 859,349,771
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	$ 894,857	$ 391,963
Operating lease liabilities	2,704,327	3,024,699
Distributions payable, net	4,198,354	7,733,537
Liability under gift annuities	13,154	24,412
Liability under trust agreements	42,033,204	52,296,839
Funds held as agency endowments	11,144,759	11,981,841
Total liabilities	60,988,655	75,453,291
NET ASSETS		
Without donor restrictions	249,624,576	280,928,934
With donor restrictions	448,263,381	502,967,546
Total net assets	697,887,957	783,896,480
Total liabilities and net assets	$ 758,876,612	$ 859,349,771

See accompanying notes.

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	$ 39,561,653	$ 10,150,338	$ 49,711,991	$ 63,531,245	$ 38,518,917	$ 102,050,162
Net change in value of investment in The Richmond Fund, LP	(16,574,184)	(35,184,826)	(51,759,010)	33,843,471	70,897,097	104,740,568
Net realized and unrealized (losses) gains on investments	(10,896,189)	(10,858,348)	(21,754,537)	2,968,466	2,849,908	5,818,374
Net investment income	1,186,777	2,562,443	3,749,220	624,576	3,287,181	3,911,757
Contributions to charitable trusts (net of liability)	-	831,074	831,074	-	203,435	203,435
Investment income from trusts	-	70,802	70,802	-	52,410	52,410
Program service and other miscellaneous revenue	285,849	589,075	874,924	101,380	513,205	614,585
General support	1,517,393	-	1,517,393	1,258,864	-	1,258,864
Net assets released from restrictions	22,864,723	(22,864,723)	-	21,400,612	(21,400,612)	-
Total support and revenue	37,946,022	(54,704,165)	(16,758,143)	123,728,614	94,921,541	218,650,155
EXPENSES						
Program:						
Grant distributions	57,783,228	-	57,783,228	49,954,402	-	49,954,402
Programs expenses	5,606,963	-	5,606,963	2,870,947	-	2,870,947
Administrative	4,184,367	-	4,184,367	3,201,274	-	3,201,274
Fundraising	1,675,822	-	1,675,822	1,401,457	-	1,401,457
Total expenses	69,250,380	-	69,250,380	57,428,080	-	57,428,080
CHANGES IN NET ASSETS	(31,304,358)	(54,704,165)	(86,008,523)	66,300,534	94,921,541	161,222,075
NET ASSETS, beginning of year	280,928,934	502,967,546	783,896,480	214,628,400	408,046,005	622,674,405
NET ASSETS, end of year	$ 249,624,576	$ 448,263,381	$ 697,887,957	$ 280,928,934	$ 502,967,546	$ 783,896,480

	2022				2021			
	Program Services	Administrative	Fundraising	Total	Program Services	Administrative	Fundraising	Total
Grants	$ 57,783,228	$ -	$ -	$ 57,783,228	$ 49,954,402	$ -	$ -	$ 49,954,402
Direct program expenses	1,996,070	-	-	1,996,070	325,618	-	-	325,618
Salaries and wages	1,924,055	2,080,045	964,585	4,968,685	1,516,132	1,627,304	969,588	4,113,024
Payroll taxes	138,830	149,809	69,471	358,110	101,254	109,222	65,077	275,553
Employee benefits	541,857	584,707	271,148	1,397,712	156,828	169,169	100,795	426,792
Occupancy	264,402	132,201	132,201	528,804	247,215	123,607	123,607	494,429
Advertising and promotion	-	-	125,496	125,496	-	-	71,679	71,679
Conferences and meetings	67,419	33,709	33,709	134,837	33,883	16,941	16,941	67,765
Depreciation	-	207,109	-	207,109	-	264,044	-	264,044
Fees for services	263,515	224,251	-	487,766	177,821	149,536	-	327,357
Information technology	77,398	309,592	-	386,990	94,445	377,780	-	472,225
Insurance	-	313,249	-	313,249	-	262,934	-	262,934
Memberships	42,115	21,058	21,058	84,231	10,949	5,474	5,474	21,897
Office expenses	74,378	24,793	24,793	123,964	52,621	17,540	17,540	87,701
Other expenses	43,603	21,801	21,801	87,205	22,839	28,577	28,577	79,993
Sponsorships	150,200	-	-	150,200	126,983	-	-	126,983
Taxes, licenses and registrations	-	70,483	-	70,483	-	46,967	-	46,967
Travel	23,121	11,560	11,560	46,241	4,359	2,179	2,179	8,717
Total functional expenses	$ 63,390,191	$ 4,184,367	$ 1,675,822	$ 69,250,380	$ 52,825,349	$ 3,201,274	$ 1,401,457	$ 57,428,080

Community Foundation for a Greater Richmond
Statements of Cash Flows
Years Ended December 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (86,008,523)	$ 161,222,075
Adjustments to reconcile changes in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	207,109	264,044
Amortization of right-of-use asset	314,008	303,935
Net change in value of investment in The Richmond Fund, LP	51,759,010	(104,740,568)
Net realized and unrealized loss (gain) on investment	21,754,537	(5,818,374)
Donations permanently restricted for endowment	(6,254,365)	(34,980,738)
Changes in operating assets and liabilities:		
Pledges and other receivables	15,242,134	(13,280,927)
Prepaid expenses	53,675	(78,163)
Cash surrender value of life insurance	(2,846)	(2,726)
Accrued expenses	502,894	(282,986)
Distribution payable	(3,535,183)	2,152,102
Operating lease liabilities	(320,372)	(300,176)
Net cash and cash equivalents (used in) provided by operating activities	(6,287,922)	4,457,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(373,636)	(57,661)
Net proceeds (purchases of) investments	4,997,618	(44,706,611)
Investment notes issued	(2,121,172)	-
Net cash and cash equivalents provided by (used in) investing activities	2,502,810	(44,764,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Donations permanently restricted from endowment	6,254,365	34,980,738
Decrease (increase) in assets held in trust	15,676,003	(8,741,336)
Decrease in liability under gift annuities	(11,258)	(7,013)
(Decrease) increase in liability under trust agreements	(10,263,635)	5,355,039
(Decrease) increase in funds held as agency endowments	(837,082)	2,776,498
Net cash and cash equivalents provided by financing activities	10,818,393	34,363,926
NET CHANGES IN CASH AND CASH EQUIVALENTS	7,033,281	(5,942,848)
CASH AND CASH EQUIVALENTS, beginning of year	17,965,844	23,908,692
CASH AND CASH EQUIVALENTS, end of year	$ 24,999,125	$ 17,965,844

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES

The Community Foundation *Serving Richmond and Central Virginia*, doing business as the Community Foundation for a greater Richmond (the “Foundation”), is a publicly supported charity formed and existing exclusively to support charitable purposes primarily in, and for the benefit of, Richmond and Central Virginia. The Foundation is composed of two legal entities that operate as a single organization: Greater Richmond Community Foundation, a charitable trust, and The Community Foundation, Inc., a charitable corporation. These entities share the same tax identification number and report their financial and program operations on a combined basis. The Foundation operated under the purpose and authority established by the Declaration of Trust, initially executed in 1968 and subsequently incorporated into the governing documents of the corporate entity which was established in 1993.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The Foundation has certain affiliated entities and supporting organizations of the Foundation. The supporting organizations are considered affiliated due to shared governance, financial relationships, and operating activities. The financial position and activities of these affiliates is not consolidated in these financial statements; however, the Foundation consolidates the financial statements of these affiliates for its primary financial reporting purposes.

Basis of accounting – The financial statements of the Foundation have been prepared under accounting principles generally accepted in the United States of America for not-for-profit organizations (“U.S. GAAP”).

Use of estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and cash equivalents – For financial statement purposes, the Foundation considers all cash accounts, except those being held for investment purposes, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

Investments – Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. The Foundation determines fair value based on the fair value hierarchy established under applicable accounting guidance which requires an entity to prioritize the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value.

Investments are exposed to various risks, such as changes in interest rates or credit and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities and other investments, it is at least reasonably possible that changes in value in the near term could materially affect the Foundation’s investments and total net assets balance.

Investments include notes receivable made to support the Foundation's programmatic mission. Although the underlying investments may or may not have a profit motive, that is not the primary focus of the investment by the Foundation. During the year ended December 31, 2022, the Foundation made two loans to nonprofit organizations for program purposes. The loans have a two percent interest rate and a maturity date of April 30, 2027. As of December 31, 2022 and 2021, the outstanding loan balances were $2,121,172 and $0, respectively, and were recorded at cost.

Pledges and other receivable – Pledges receivable are unconditional promises to give that are expected to be collected in future years. Management determines the allowance for doubtful accounts by evaluating individual balances and assessing the likelihood of collections. For years ended December 31, 2022 and 2021, pledges receivable are subject to discounting based on the interest rates of the Internal Revenue Code 7520.

Receivable from charitable trusts where the Foundation is both trustee and remainder beneficiary are recorded at the fair value of the assets in the trusts. The corresponding liability for certain future amounts due to beneficiaries is recorded at the fair value of the annuity payments. The present value discount rates used for all trusts and annuities were 5.2% and 1.6% at December 31, 2022 and 2021, respectively.

Property and equipment – Property and equipment are recorded at cost for purchased items and at fair value for contributed items. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets which ranges from three to seven years. Amortization of leasehold improvements is computed over the life of the related lease which is ten years. The Foundation capitalizes property and equipment with cost or donated fair value over $5,000.

The Foundation regularly evaluates its long-lived assets for indicators of possible impairment. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset's fair value or discounted estimates of future cash flows. The Foundation has not identified any such impairment losses to date.

Leases – The Foundation recognizes leases under the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which requires an entity that is a lessee to recognize the assets and liabilities arising from leases with terms longer than twelve months on the statements of financial position. Leases are to be classified as either operating or finance, with classification affect the pattern of expense recognition in the statements of activities and changes in net assets.

Transactions give rise to leases when the Foundation receives substantially all of the economic benefits from and has ability to direct the use of specified property and equipment. The Foundation has lease activity that is classified as operating leases and no activities are classified as finance leases. Operating leases are included in right of use assets, and operating lease liabilities in the statements of financial position. Right-of-use assets represents the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Foundation uses the risk-free rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Net assets – Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Net assets without donor restrictions are defined as that portion of net assets that has no use or time restrictions. The Foundation's policy is to designate donor gifts without restriction at the discretion of the Board of Governors. The Board of Governors has designated net assets without donor restrictions for the following uses:

Designated for Donor Advised Grants – Funds designated for donor-advised grants are available for distribution upon recommendation by the donor.

Designated for Operating Reserves – Funds designated for future needs such as technology, capital purchases, and other operating needs.

Designated for Discretionary Grants – Funds remaining from annual spendable income of board-designated endowments are designated for discretionary grants.

Designated for Endowment – Funds designated to provide perpetual support for community grantmaking and the Foundation's operations.

Net assets with donor restrictions are defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as net assets with donor restrictions until the funds are received, and are discounted at a rate commensurate with the risk. The Foundation also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply, as well as the endowment corpus and unspent endowment investment earnings. Such funds are recorded as net assets with donor restrictions until the purpose restrictions are met at which time the assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Distributions payable – Distributions payable represent unconditional grants and distributions that have been authorized prior to year end but remain unpaid as of the statements of financial position date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants as of December 31, 2022 and 2021. For years ended December 31, 2022 and 2021, distributions payable are subject to discounting based on the interest rates of the Internal Revenue Code 7520.

Agency transactions – The Foundation has adopted established standards for transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on the investment of those assets, or both to another entity that is specified by the donor.

Tax – The Foundation, as designed and operated, is a qualifying public charity as defined in Section 501(c)(3) of the IRC, and therefore, is exempt from federal and state income taxes. As a result of certain investments, the Foundation is subject to unrelated business income tax.

The Foundation follows FASB guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Foundation's financial statements. The interpretation also provides guidance on derecognition, classification, interest and penalties, disclosure, and transition.

In accordance with the interpretation, the Foundation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts of the Foundation's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Foundation's analysis of whether additional taxes would be due to the authority given its full knowledge of the tax position.

The Foundation has completed its assessment and determined that there were no tax positions which would require recognition under the interpretation. The Foundation is not currently under audit by any tax jurisdiction.

Contributions – Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation.

Program service and other miscellaneous revenue – Program service and other miscellaneous revenue is recognized as revenue once earned upon a project completion basis or in the month services were performed. Program services are performed based on contracts with corporate partners for volunteer program services.

General support – General support is paid to the Community Foundation from it supporting organizations and related entities to support grantmaking, community leadership and operations, and it is billed on a quarterly basis and recognized as revenue when earned.

Functional allocation of expenses – The Foundation allocates expenses on a functional basis to program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Wages, payroll taxes, and benefits are allocated based on an estimate of the time each staff members spends related to each of the functional categories. Other expenses, such as certain administration and occupancy expenses, are allocated based on estimates of overall staff time allocated to each functional category. Although allocation methods used are considered reasonable, other methods could be used that would produce different results.

Concentration of credit risk arising from deposit accounts – Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and pledges, notes, and other receivables. These instruments are subject to other market conditions such as interest risk, equity market risks, and their implied volatilities.

Periodically, throughout the year, the Foundation has maintained balances in various operating and money market accounts in excess of Federal Deposit Insurance Company ("FDIC") insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation ("SIPC") insurance limits.

The Foundation has not experienced any losses in such accounts in the past. If any of the financial institutions with whom the Foundation do business were to be placed into receivership, the Foundation may be unable to access the cash on deposit with such institutions. If the Foundation is unable to access the cash and cash equivalents as needed, the financial position and ability to operate our business could be adversely affected.

Receivables are from individuals, corporations and foundations located primarily in the Richmond region. The Foundation believes its credit risk related to these receivables is limited due to the nature of its donors.

Reclassifications – Certain 2021 amounts have been reclassified to conform with the 2022 presentation. These reclassifications had no effect on total net assets or changes in net assets.

Recent accounting pronouncements – On September 21, 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (“Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Foundation adopted Accounting Standards Codification 958, *Not-for-Profit Entities*, as of January 1, 2022. The standard did not have a significant impact on the Foundation as in-kind contributions were not significant as of December 31, 2022 and 2021.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Foundation has evaluated subsequent events through July 10, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents, nonendowed	$ 23,328,478	$ 16,596,991
Investments, short term and liquid	128,241,108	150,441,240
Pledges and other receivables	2,312,523	9,987,250
Financial assets, at year end	153,882,109	177,025,481
Less those unavailable for general expenditure within one year, due to:		
Donor and committee advised funds	(126,698,757)	(143,915,106)
Financial assets available to meet cash needs for general expenditure within one year	$ 27,183,352	$ 33,110,375

The Foundation generally uses the assets held for donor advised funds for grantmaking based on donor recommendations although those funds are not donor restricted.

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. Although the Foundation does not intend to spend from the board-designated endowment (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the board will designate a portion of any operating surplus to its operating reserve, which was $2,217,146 and $2,310,981 as of December 31, 2022 and 2021, respectively.

NOTE 4 – INVESTMENTS IN THE RICHMOND FUND

The Foundation invests its assets to achieve a long-term rate of return that exceeds its payout rate, plus the rate of inflation. Volatility is minimized by investing globally in diverse, noncorrelating classes of assets. Due in part to the University of Richmond's (the "University") performance record in accomplishing these objectives with its own endowment, in 2008, the Foundation entered into an investment partnership with the University called The Richmond Fund, LP (the "Richmond Fund").

The general partner of the Richmond Fund is the Richmond Fund Management Company, LLC, a subsidiary of Spider Management Company, LLC ("SMC"), the investment company for the University's endowment. A rate of return agreement is used to equalize the quarterly rate of return of the University's pooled endowment managed by SMC and the Richmond Fund's rate of return. There are no contribution commitments for the Foundation and withdrawals can be made each calendar quarter with a minimum of 30 to 60 days advance notice. As of December 31, 2022 and 2021, the Foundation owned 21.2% and 20.8%, respectively, of the Richmond Fund, LP.

For the years ended December 31, 2022 and 2021, activity was as follows:

	2022	2021
Balance, beginning of year	$ 603,321,242	$ 513,574,357
Additions	12,000,000	-
Distributions	-	(15,000,000)
Investment (loss) income	(52,687,598)	104,746,885
Balance, end of year	$ 562,633,644	$ 603,321,242

Net change in value of investment in The Richmond Fund, LP, net realized and unrealized gain on investments, and net investment income included in the accompanying statements of activities, in total, is shown net of investment expenses of $2,537,099 and $2,586,289 for 2022 and 2021, respectively.

NOTE 5 – PLEDGES AND OTHER RECEIVABLES, NET

Pledges, notes, and other receivables, net consist of the following at December 31:

	2022	2021
Pledges and other receivable	455,286	$ 5,528,276
Receivable from charitable trusts	8,082,740	17,489,925
Total gross pledges and other receivables	8,538,026	23,018,201
Less: discount to present value	(1,609,282)	(847,323)
Total net pledges and other receivables	$ 6,928,744	$ 22,170,878

Pledges and other receivables are expected to be collected as follows:

	2022	2021
Within 1 year	$ 2,312,523	$ 15,459,453
1-5 years	2,197,404	2,344,475
More than 5 years	2,418,817	4,366,950
	$ 6,928,744	$ 22,170,878

The Foundation used a rate of 5.2% and 1.6% at December 31, 2022 and 2021, respectively, to discount to present value its pledges receivable.

NOTE 6 – LEASES

The Foundation entered into a lease for office space on March 26, 2018. The initial term of this lease commenced in November 2018. Rent payments commenced 150 days after the lease commencement date (November 7, 2018). The lease will continue for 124 months following the rent commencement date (April 5, 2019, with the first full payment due May 1, 2019). The Foundation has the option to extend the lease term for one consecutive five-year period, however this option is not recognized in the right-of use asset and liability amounts. In accordance with accounting standards, a right of use asset and operating lease liability were recorded at the time of lease commencement based on the present value of the future lease payments.

An amendment to the lease was entered into on November 14, 2018, to include additional rentable space adjacent to the space covered by the original lease. Rent payments commenced 150 days after the lease commencement date (April 13, 2019). The lease will continue for 116 months following the rent commencement date (September 9, 2019, with the first full payment due October 1, 2019). A right-of-use asset and operating lease liability were recorded at the time of lease commencement based on the present value of the future lease payments.

For the years ended December 31, total lease costs incurred by lease type and type of payment were as follows:

	2022	2021
Operating lease cost	$ 408,697	$ 408,697
Short-term lease cost	29,438	24,841
Variable lease cost	35,417	26,287
Total cost	$ 473,552	$ 459,825

For the years ended December 31, other supplemental quantitative disclosures were as follows:

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	$ 415,062	$ 404,939
Weighted average:		
Discount rate of operating leases	3.29%	3.32%
Remaining lease term (years) of operating leases	6.61	7.62

Future maturities of the operating lease liabilities as of December 31, 2022 are as follows:

Years Ending December 31,		
2023	$	425,444
2024		436,063
2025		446,979
2026		458,142
2027		469,612
Thereafter		785,290
		3,021,530
Less: discount to present value		(317,203)
	$	2,704,327

NOTE 7 – CASH SURRENDER VALUE OF LIFE INSURANCE

Cash surrender value of life insurance is carried at its stated value which approximates its fair value. As of December 31, 2022 and 2021, the Foundation was the beneficiary of two life insurance policies with total face amount of $10,100,000.

NOTE 8 – PROPERTY AND EQUIPMENT, NET

The cost of property and equipment, net is summarized as follows:

	2022	2021
Computers and equipment	$ 775,079	$ 701,443
Furniture and fixtures	503,407	503,407
Construction in process	300,000	-
Leasehold improvements	549,491	549,491
Vehicles	16,399	16,399
Total cost	2,144,376	1,770,740
Less: accumulated depreciation	(1,182,838)	(975,729)
Net property and equipment, net	$ 961,538	$ 795,011

Depreciation expense for 2022 and 2021 was $207,109 and $264,044, respectively.

NOTE 9 – DISTRIBUTIONS PAYABLE, NET

Distributions payable, net recorded at pledged amounts, are due to be paid in:

Years Ending December 31,		
2023	$	2,944,699
2024		960,125
2025		240,958
2026		178,602
2027		2,499
Total gross distributions payable		4,326,883
Less: discount to present value		(128,529)
Distributions payable, net	$	4,198,354

The Foundation used a rate of 5.2% and 1.6% at December 31, 2022 and 2021, respectively, to discount to present value its distributions payable.

NOTE 10 – CHARITABLE TRUSTS

The Foundation is the named trustee under numerous charitable unitrust agreements (“Unitrusts”). Under the trust agreements, the Unitrusts pay an annual benefit to the trust beneficiaries throughout their lives based on a percentage of the fair value of the trust assets as defined by the trust agreement. The fair value of the assets of the Unitrusts is included on the statements of financial position as assets held in trust. Contribution income with donor restriction is recognized to the extent that the fair value of the trust assets exceeds the present value of the future payments to the trust beneficiaries.

The present value of the future payments to the trust beneficiaries is based on life span, actuarial factors derived from IRS Publication 1458, and a discount rate of 5.2% and 1.6% as of December 31, 2022 and 2021, respectively, per IRC Section 7520(a).

The Foundation is the named trustee and beneficiary of one charitable lead trust. Under the trust agreement, the lead trust pays an annual benefit for a specified term based on a percentage of the fair value of the trust assets. The fair value of the assets of the lead trust is included on the statements of financial position as assets held in trust. A liability for the present value of the future payout at termination is included on the statements of financial position as a liability under trust agreements.

The Foundation has been named beneficiary of numerous charitable trusts that the Foundation does not serve as trustee. For 2022 and 2021, the changes in value of these split interest agreements were $(1,609,282) and $(847,323), respectively. These amounts are included on the statements of activities as a component of net realized and unrealized (losses) gains on investments.

NOTE 11 – LINE OF CREDIT

The Foundation has available a revolving line of credit with a bank providing for maximum borrowings of $10,000,000 through November 1, 2025. Interest on funds advanced is payable monthly at the Secured Overnight Financing Rate (“SOFR”) plus 1.75% (6.5% and 1.80% at December 31, 2022 and 2021, respectively). There were no borrowings on the line of credit during 2022 or 2021.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at year end were available for the following purposes:

	2022	2021
Endowment funds	$ 411,632,462	$ 460,753,868
Beneficial interest in trusts	26,769,085	33,939,440
Program specific funds	9,861,834	8,274,238
Total net assets with donor restrictions	$ 448,263,381	$ 502,967,546

Amounts released from restriction in 2022 and 2021 relate primarily to the occurrence of the passage of time and appropriation of spendable amounts from endowment funds. For field of interest and designated funds, an annual spendable or donor directed amount is expected to be released from restrictions within one year. Time restricted funds are primarily expected to be released from restrictions fifty years after the funds' inception. Civic programming and Thrive Birth to Five restricted funds are primarily expected to be released from restrictions within one to five years.

Net assets were released from donor restrictions for the following programs by incurring expenses satisfying the restricted purposes during the year ended December 31, as follows:

	2022	2021
Program services:		
Field of interest	$ 5,121,436	$ 3,819,196
Time restricted	3,046,222	3,209,473
Civic programming	770,616	812,799
Thrive Birth to Five	639,400	-
Designated	284,160	432,770
	$ 9,861,834	$ 8,274,238

Net assets with donor restrictions of $293,662,199 and $278,639,900, are to be held in perpetuity, the income of which is available for general operations as of December 31, 2022 and 2021, respectively.

NOTE 13 – ENDOWMENT FUNDS

The Foundation's endowment consists of approximately 540 permanently endowed named funds established for a variety of purposes. The endowed funds include both funds with donor restrictions and funds without donor restriction that were designated for endowment by the Foundation's Board of Governors. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor restrictions.

The Board of Governors 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The portion of donor-restricted endowment funds that are not required to be held into perpetuity are reclassified to net assets without donor restrictions when 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:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and spending policies – 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. Under this policy, as approved by the Board of Governors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Foundation's spending and investment policies work together to achieve this objective.

The investment policy establishes an achievable return objective return through diversification of asset classes. The current long-term return objective is to earn 5% per year, plus the rate of inflation. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grantmaking and administration. The current spending policy is to distribute an amount equal to 4% of the trailing 12-quarter average of each fund (with flexibility to spend up to 5%) unless a different amount is stated in the fund agreement. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets were as follows for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, January 1, 2021	$ 27,408,958	$ 368,187,171	$ 395,596,129
Investment gain, net	5,233,105	71,645,093	76,878,198
New gifts	9,463,201	34,980,738	44,443,939
Appropriation of endowment assets for expenditure	(1,621,126)	(14,059,134)	(15,680,260)
Net assets, December 31, 2021	40,484,138	460,753,868	501,238,006
Investment loss, net	(5,086,316)	(37,208,839)	(42,295,155)
New gifts	163,090	6,254,365	6,417,455
Appropriation of endowment assets for expenditure	(1,772,864)	(18,166,932)	(19,939,796)
Net assets, December 31, 2022	$ 33,788,048	$ 411,632,462	$ 445,420,510

Endowment net asset composition was as follows as of December 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 33,788,048	$ -	$ 33,788,048
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be in perpetuity by donor	-	293,662,199	293,662,199
Accumulated investment gains	-	117,970,263	117,970,263
	$ 33,788,048	$ 411,632,462	$ 445,420,510

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 40,484,138	$ -	$ 40,484,138
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be in perpetuity by donor	-	278,639,900	278,639,900
Accumulated investment gains	-	182,113,968	182,113,968
	$ 40,484,138	$ 460,753,868	$ 501,238,006

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation allows spending from underwater endowments in accordance with the spending policy. At December 31, 2022 and 2021, funds with deficiencies of $3,378,005 and $25,534, respectively, were reported in net assets with donor restrictions.

	2022	2021
Fair value of underwater endowment funds	$ 38,968,171	$ 63,626
Original endowment gift amount	42,196,160	89,160
Deficiencies of underwater endowment funds	$ (3,227,989)	$ (25,534)

NOTE 14 – FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Community Foundation’s assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021, and the valuation techniques used by the Foundation to determine those fair values.

Level 1 – Investments include marketable securities, exchange traded funds, and cash equivalents that are carried at fair value based on observable quoted market prices in active markets and mutual funds that are valued based on the NAV per share computed by the fund manager and validated by a sufficient level of observable activity (i.e., purchases and sales).

Level 2 – Inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 – Unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques considering the characteristics of the asset or liability.

Assets and liabilities measured at fair value on a recurring basis at December 31, include the following:

	December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Balance, December 31, 2022
Assets:					
Investments:					
Cash equivalents	$ 39,443,383	$ -	$ -	$ -	$ 39,443,383
Equity securities	39,373,745	-	-	-	39,373,745
Bond index funds	14,895,664	-	-	-	14,895,664
Investment notes	2,121,172				2,121,172
The Richmond Fund, LP	-	-	-	562,633,644	562,633,644
Total investments	95,833,964	-	-	562,633,644	658,467,608
Pledges and other receivables	455,286	6,473,458			6,928,744
Cash surrender value of life insurance	-	48,303	-	-	48,303
Assets held in trusts	64,873,074	-	-	-	64,873,074
Total assets	$ 161,162,324	$ 6,521,761	$ -	$ 562,633,644	$ 730,317,729
Liabilities:					
Distributions payable	$ -	$ 4,198,354	$ -	$ -	$ 4,198,354
Liability under gift annuities	-	13,154	-	-	13,154
Liability under trust agreements	-	-	42,033,204	-	42,033,204
Funds held as agency endowments	11,144,759	-	-	-	- 11,144,759
Total liabilities	$ 11,144,759	$ 4,211,508	$ 42,033,204	$ -	$ 57,389,471

	December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Balance, December 31, 2021
Assets:					
Investments:					
Cash equivalents	$ 67,803,936	$ -	$ -	$ -	$ 67,803,936
Equity securities	45,133,191	-	-	-	45,133,191
Bond index funds	18,599,232	-	-	-	18,599,232
The Richmond Fund, LP	-	-	-	603,321,242	603,321,242
Total investments	131,536,359	-	-	603,321,242	734,857,601
Pledges and other receivables	15,460,229	6,710,649	-	-	22,170,878
Cash surrender value of life insurance	-	45,457	-	-	45,457
Assets held in trusts	80,549,077	-	-	-	80,549,077
Total assets	$ 227,545,665	$ 6,756,106	$ -	$ 603,321,242	$ 837,623,013
Liabilities:					
Distributions payable	$ -	$ 7,733,537	$ -	$ -	$ 7,733,537
Liability under gift annuities	-	24,412	-	-	24,412
Liability under trust agreements	-	-	52,296,839	-	52,296,839
Funds held as agency endowments	11,981,841	-	-	-	- 11,981,841
Total liabilities	$ 11,981,841	$ 7,757,949	$ 52,296,839	$ -	$ 72,036,629

Equity securities are valued based on the listed price on the reporting date. Bond index funds valued at the closing price as reported on the active market on which the funds are traded. Certain investments, including the investment in the Richmond Fund, are valued using NAV as a practical expedient. The Foundation had no unfunded commitments to alternative investments as of December 31, 2022 and 2021, respectively.

The assets held in trusts are managed investments and are valued by general partners of the investment funds based on several criteria established in the fund agreement. All exchange traded securities are measured at the listed price at a specified time. Financial instruments that are tied to an underlying exchange traded security are valued at the listed price provided that the general partner determines that the price accurately reflects fair value. All other assets and liabilities of the fund are valued based on a calculation of fair value based on supporting information by the general partners.

Fair value of Level 3 liability under trust agreements are determined by calculating the present value of future distributions expected to be received using published life expectancy tables and a discount rate of 5.2% and 1.6% in 2022 and 2021, respectively. There has been no change in valuation techniques from the prior year.

NOTE 15 – RETIREMENT PLANS

Employees that are at least 21 years of age are eligible to participate in a 403(b) thrift plan immediately following their hire date. Employees are eligible for the 403(b) thrift plan employer matching contributions if they work more than 20 hours per week and are not student interns. Under the terms of the plan, employees are entitled to contribute a portion of their total compensation, within limitations established by the IRC. At the discretion of the Board of Governors, the Foundation may make a matching contribution defined as the lesser of 100% of an employee's contributions or 4.5% of an employee's total annual compensation. Matching contributions amounted to $177,753 for 2022 and $142,405 for 2021.

Eligible employees are vested in a defined benefit plan through United Way of Greater Richmond & Petersburg for employees meeting the eligibility requirements of age 21 and completing one year of service with a minimum of 1,000 hours worked. The plan pays retirees a fixed amount that is based on the number of years of service and compensation history. Pension plan expense was $890,666 for 2022 and $64,933 for 2021. Effective December 31, 2008, the plan sponsor, United Way of Greater Richmond & Petersburg, froze all future benefit accruals for those who are active participants. The pension plan was also frozen to new participants as of that date. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Foundation may be required to make future contributions to the Plan. During 2021, the United Way of Greater Richmond & Petersburg began the termination process for the pension plan, and it was finalized during the year ended December 31, 2022.

In December 2014, the Foundation established a 401(a) discretionary contribution plan. There were no contributions in 2022 and 2021. Participation in the plan is limited to persons whose payroll is reported on the Foundation's Employer Identification Number. Eligibility further conforms to the eligibility criteria for the 403(b) thrift plan employer matching contributions.

NOTE 12 – INDEMNIFICATIONS

As permitted under its articles of incorporation, the Foundation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Foundation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Foundation's insurance policies serve to limit its exposure. The Foundation believes that the estimated fair value of these indemnification obligations is minimal.

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