

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

FINANCIAL REPORT

**Eleven-Month Period from February 1, 2020 to December 31, 2020 and
Year Beginning February 1, 2019 and Ended January 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
Greater Williamsburg Community Trust
dba Williamsburg Community Foundation
Williamsburg, Virginia

We have audited the accompanying financial statements of Greater Williamsburg Community Trust dba Williamsburg Community Foundation (a nonprofit organization), which comprise the statements of financial position as of the eleven-month period from February 1, 2020 to December 31, 2020 and the year beginning February 1, 2019 and ended January 31, 2020, and the related statements of activities, functional expenses and cash flows for the period and year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Williamsburg Community Trust dba Williamsburg Community Foundation as of the eleven-month period from February 1, 2020 to December 31, 2020 and the year beginning February 1, 2019 and ended January 31, 2020, and the changes in its net assets and its cash flows for the period and year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
August 26, 2021

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and January 31, 2020**

	<u>December 31, 2020</u>	<u>January 31, 2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,273,357	\$ 652,161
Pledges receivable (Notes 4 and 5)	78,488	70,455
Bequests receivable	72,501	1,224,503
Investments - available for use (Note 4)	19,720,575	16,141,728
Investments - perpetuity (Note 4)	1,891,571	1,891,571
Cash surrender value of life insurance	452,104	304,998
Property and equipment, net (Note 6)	260,366	264,629
	<u>\$ 23,748,962</u>	<u>\$ 20,550,045</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 22,300	\$ 2,062
Agency funds held for others	14,933	13,315
	<u>37,233</u>	<u>15,377</u>
NET ASSETS		
Without donor restrictions (Note 11)	10,081,584	8,114,391
With donor restrictions (Notes 10, 11 and 12)	13,630,145	12,420,277
	<u>23,711,729</u>	<u>20,534,668</u>
	<u>\$ 23,748,962</u>	<u>\$ 20,550,045</u>

The Notes to Financial Statements are an integral part of these statements.

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

STATEMENTS OF ACTIVITIES

Eleven-Month Period Ended December 31, 2020 and Year Ended January 31, 2020

	Eleven-Month Period Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND OTHER CHANGES			
Contributions	\$ 2,362,477	\$ 750	\$ 2,363,227
Special events, net (Note 8)	1,665	-	1,665
Miscellaneous	7,229	-	7,229
Investment return, net (Note 4)	1,014,136	1,507,613	2,521,749
Paycheck Protection Program loan program forgiveness (Note 14)	27,000	-	27,000
Net assets released from restrictions:			
Appropriation from donor-restricted endowment (Note 12)	298,495	(298,495)	-
Total revenue, support and other changes	3,711,002	1,209,868	4,920,870
OPERATING EXPENSES			
Program services	1,517,175	-	1,517,175
Fundraising	11,336	-	11,336
Management and general	215,298	-	215,298
Total expenses	1,743,809	-	1,743,809
Change in net assets	1,967,193	1,209,868	3,177,061
Net assets, beginning of year	8,114,391	12,420,277	20,534,668
Net assets, end of year	<u>\$ 10,081,584</u>	<u>\$ 13,630,145</u>	<u>\$ 23,711,729</u>
Year Ended January 31, 2020			
REVENUE, SUPPORT AND OTHER CHANGES			
Contributions	\$ 874,386	\$ 130,867	\$ 1,005,253
Special events, net (Note 8)	10,536	-	10,536
Miscellaneous	12,254	-	12,254
Investment return, net (Note 4)	684,212	905,656	1,589,868
Net assets released from restrictions:			
Appropriation from donor-restricted endowment (Note 12)	163,427	(163,427)	-
Total revenue, support and other changes	1,744,815	873,096	2,617,911
OPERATING EXPENSES			
Program services	837,352	-	837,352
Fundraising	17,634	-	17,634
Management and general	233,039	-	233,039
Total expenses	1,088,025	-	1,088,025
Change in net assets	656,790	873,096	1,529,886
Net assets, beginning of year	7,457,601	11,547,181	19,004,782
Net assets, end of year	<u>\$ 8,114,391</u>	<u>\$ 12,420,277</u>	<u>\$ 20,534,668</u>

The Notes to Financial Statements are an integral part of these statements.

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES
Eleven-Month Period Ended December 31, 2020 and Year Ended January 31, 2020**

	Eleven-Month Period Ended December 31, 2020			
	Program Services	Fundraising	Management and General	Total
Grants and scholarships	\$ 1,477,731	\$ -	\$ -	\$ 1,477,731
Salaries and payroll taxes	32,236	4,835	124,106	161,177
Accounting	-	-	25,401	25,401
Printing and publications	1,026	2,159	13,211	16,396
IT services	2,500	-	11,568	14,068
Occupancy	1,679	252	8,685	10,616
Depreciation	-	-	8,423	8,423
Miscellaneous	503	75	4,172	4,750
Insurance	-	-	4,454	4,454
Utilities	880	132	3,387	4,399
Postage and shipping	-	-	4,091	4,091
Supplies	-	-	3,971	3,971
Advertising	-	3,883	-	3,883
Conference, convention and meeting	620	-	2,759	3,379
Dues and subscriptions	-	-	1,070	1,070
	<u>\$ 1,517,175</u>	<u>\$ 11,336</u>	<u>\$ 215,298</u>	<u>\$ 1,743,809</u>
	Year Ended January 31, 2020			
Grants and scholarships	\$ 813,442	\$ -	\$ -	\$ 813,442
Salaries and payroll taxes	15,754	9,453	132,335	157,542
Accounting	-	-	27,730	27,730
Printing and publications	525	3,650	11,672	15,847
IT services	2,500	-	9,917	12,417
Occupancy	901	541	9,749	11,191
Depreciation	-	-	9,034	9,034
Miscellaneous	94	56	3,283	3,433
Insurance	-	-	3,334	3,334
Utilities	411	246	3,447	4,104
Postage and shipping	-	-	4,442	4,442
Supplies	-	-	4,048	4,048
Advertising	-	3,688	7,500	11,188
Conference, convention and meeting	3,725	-	3,731	7,456
Dues and subscriptions	-	-	1,072	1,072
Organizational planning	-	-	1,745	1,745
	<u>\$ 837,352</u>	<u>\$ 17,634</u>	<u>\$ 233,039</u>	<u>\$ 1,088,025</u>

The Notes to Financial Statements are an integral part of these statements.

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**STATEMENTS OF CASH FLOWS
Eleven-Month Period Ended December 31, 2020 and Year Ended January 31, 2020**

	Eleven-Month Period Ended December 31, 2020	Year Ended January 31, 2020
	<u>2020</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,177,061	\$ 1,529,886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,423	9,034
Net realized and unrealized gains on investments	(2,255,993)	(1,145,105)
Payroll Protection Program loan forgiveness	(27,000)	-
Increase in cash surrender value of life insurance	(147,106)	(63,367)
Changes in current assets and liabilities:		
Pledges receivable	(8,033)	534,214
Bequests receivable	1,152,002	6,219,753
Accrued expenses	20,238	(344)
Agency funds held for others	1,618	1,043
	<u>1,921,210</u>	<u>7,085,114</u>
Net cash provided by operating activities		
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,160)	-
Sales and maturities of investments	2,362,329	3,827,277
Purchases of investments	(3,685,183)	(11,634,210)
	<u>(1,327,014)</u>	<u>(7,806,933)</u>
Net cash used by investing activities		
FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program loan	27,000	-
	<u>621,196</u>	<u>(721,819)</u>
Net increase (decrease) in cash and cash equivalents		
CASH AND CASH EQUIVALENTS		
Beginning of year	652,161	1,373,980
	<u>652,161</u>	<u>1,373,980</u>
End of year	<u>\$ 1,273,357</u>	<u>\$ 652,161</u>

The Notes to Financial Statements are an integral part of these statements.

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

1. Organization and Nature of Activities

Greater Williamsburg Community Trust dba Williamsburg Community Foundation (Foundation) is a not-for-profit organization founded in 1999 in Williamsburg, Virginia. The Foundation is a community foundation which provides grants to nonprofit organizations, scholarships to students and promotes philanthropy in the greater Williamsburg community. Revenue is derived primarily through donor contributions and return on investments.

Variance power

Under IRS guidelines, a community foundation has Variance Power. Variance power is described as the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations, if in its sole judgment such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or the area served. As a result of the variance power, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

2. Summary of Significant Accounting Policies

Change in Fiscal Year

In December 2019, the Board voted to change the Foundation's fiscal year-end of January 31 to December 31, effective for the eleven-month period ended December 31, 2020, and calendar years thereafter.

Basis of presentation

Under applicable accounting standards, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor-imposed restrictions. They result from unrestricted contributions, grants, special events, fees, and interest, less expenses incurred in program, fundraising, and administrative functions. Net assets without donor restrictions are classified into the following funds:

Non-endowed funds represent resources available for support of all of the Foundation's activities. Non-endowed funds include both unrestricted and board-designated funds which are subject to self-imposed limits by action of the governing board.

Board designated endowment funds are subject to self-imposed limits by action of the governing board. These assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other use.

Net assets with donor restrictions are net assets that are subject by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires or is otherwise met, 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.

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

2. Summary of Significant Accounting Policies (Continued)

Cash equivalents

The Foundation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Pledges receivable

Pledges are recognized when the donor makes an unconditional promise to give. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Management has determined that an allowance for doubtful pledges is not necessary for the eleven-month period ended December 31, 2020 and year ended January 31, 2020. Uncollectible pledges receivable, if any, are written off in the period in which they are identified.

Bequests receivable

From time to time, the Foundation is named as a beneficiary in a supporter's will. No receivable or related contribution revenue is recorded at the time the Foundation is made aware of these events. However, once the donor passes away and the probate court declares the will valid, the Foundation records a receivable for the net realizable value of the bequest and the related contribution revenue.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. When restrictions are met in the same fiscal year restricted support is received, the gift is classified as unrestricted support.

Property and equipment

Acquisitions of property and equipment are recorded at cost and at fair value for contributed property. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Building	39 years
Building improvements	15 years
Furniture	3 - 5 years
Software	3 years

The Foundation's policy is to capitalize all items with a useful life greater than one year.

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**GREATER WILLIAMSBURG COMMUNITY TRUST dba
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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

2. Summary of Significant Accounting Policies (Continued)

Support revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same period are reported as unrestricted support.

Donated services

The Foundation receives donated services from unpaid volunteers who assist in special projects. No amounts have been recognized in the statements of activities because the criteria for recognition under applicable accounting standards have not been satisfied.

Advertising costs

Advertising costs are expensed as incurred.

Income taxes

The Foundation is exempt from federal and state income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia, accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Methods used for allocation of expenses among programs and supporting services

The Foundation allocates expenses on a functional basis among its various programs and supporting services. Certain categories of expenses are attributable to one or more program or supporting services of the Foundation. These expenses include salaries and payroll taxes, occupancy, and utilities. Salaries and payroll taxes are allocated on the basis of employees' time and effort. Occupancy and utilities are allocated based on the percentages determined for salaries.

Estimates

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

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

2. Summary of Significant Accounting Policies (Continued)

Credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash on deposit with financial institutions, pledges receivable, and investments. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) up to the legal limit. At December 31, 2020 and January 31, 2020, there were \$124,817 and \$-0- amounts on deposit in excess of the FDIC limit, respectively. At December 31, 2020 and January 31, 2020, there were \$121,337 and \$-0- amounts on deposit in excess of the SIPC limit, respectively. The Foundation's investments do not represent significant concentrations of market risk in as much as the Foundation's investment portfolio is adequately diversified.

The Foundation's potential credit risk in regard to pledges receivable is limited due to the nature of the Foundation's pledges receivable as well as the Foundation's collection history.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 26, 2021, the date the financial statements were available to be issued.

3. Liquidity and Availability

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

	December 31, 2020	January 31, 2020
Cash and cash equivalents, non-endowed	\$ 541,135	\$ 394,180
Investments, non-endowed	749,840	701,512
Pledges receivable, without donor restrictions	78,488	70,455
Bequests receivable, without donor restrictions	72,501	1,224,503
	\$ 1,441,964	\$ 2,390,650

The Foundation manages liquidity to ensure they have liquid resources to meet obligations as they become due. Additionally, the Foundation has a board-designated endowment of approximately \$7.5 million and \$5.9 million at December 31, 2020 and January 31, 2020, respectively. Although the Foundation does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and spending policy appropriation, amounts from its board-designated endowment could be made available if necessary.

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

4. Investments and Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under applicable accounting standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the eleven-month period ended December 31, 2020 and year ended January 31, 2020.

Pledges Receivable: Reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods. Fair value is calculated as the present value of the expected future pledges to be received using a discount rate.

Fixed Income Securities: Valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated fair value at year end.

Mutual Funds and Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

4. Investments and Fair Value Measurements (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Pledges receivable	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 78,488</u>	\$ <u> 78,488</u>
Investments:				
Exchange traded funds	\$ 7,129,891	\$ -	\$ -	\$ 7,129,891
Fixed income	-	1,441,712	-	1,441,712
Mutual funds	<u>13,040,543</u>	<u> -</u>	<u> -</u>	<u>13,040,543</u>
	<u>\$ 20,170,434</u>	<u>\$ 1,441,712</u>	<u>\$ -</u>	<u>\$ 21,612,146</u>

	Assets at Fair Value as of January 31, 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Pledges receivable	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 70,455</u>	\$ <u> 70,455</u>
Investments:				
Exchange traded funds	\$ 5,727,295	\$ -	\$ -	\$ 5,727,295
Fixed income	-	1,594,163	-	1,594,163
Mutual funds	<u>10,711,841</u>	<u> -</u>	<u> -</u>	<u>10,711,841</u>
	<u>\$ 16,439,136</u>	<u>\$ 1,594,163</u>	<u>\$ -</u>	<u>\$ 18,033,299</u>

The following tables present a reconciliation of the beginning and ending balances of the fair value measurements within the Foundation using significant unobservable inputs (Level 3):

	December 31, 2020	January 31, 2020
Recurring fair value measurements:		
Balance, beginning of year	\$ 70,455	\$ 604,669
New pledges made	31,634	53,055
Pledge payments received	<u>(23,601)</u>	<u>(587,269)</u>
Balance, end of year	<u>\$ 78,488</u>	<u>\$ 70,455</u>

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

4. Investments and Fair Value Measurements (Continued)

Unrealized gains on investments were as follows:

	<u>Eleven-Month Period Ended December 31, 2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Fixed income	\$ 1,415,193	\$ 1,441,712	\$ 26,519
Exchange traded funds	4,927,510	7,129,891	2,202,381
Mutual funds	<u>11,440,830</u>	<u>13,040,543</u>	<u>1,599,713</u>
	<u>\$ 17,783,533</u>	<u>\$ 21,612,146</u>	<u>\$ 3,828,613</u>
	<u>Year Ended January 31, 2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Fixed income	\$ 1,575,658	\$ 1,594,163	\$ 18,505
Exchange traded funds	5,229,906	5,727,295	497,389
Mutual funds	<u>9,856,651</u>	<u>10,711,841</u>	<u>855,190</u>
	<u>\$ 16,662,215</u>	<u>\$ 18,033,299</u>	<u>\$ 1,371,084</u>

At December 31, 2020 and January 31, 2020, cash of \$1,068,286 and \$604,594, respectively, was held in money market accounts and is included in cash and cash equivalents on the statements of financial position.

Investment return, net is comprised of the following:

	<u>Eleven-Month Period Ended December 31, 2020</u>	<u>Year Ended January 31, 2020</u>
Interest and dividends	\$ 359,609	\$ 546,153
Unrealized gain	2,457,529	1,134,186
Realized gain (loss)	(201,536)	10,919
Investment fees	<u>(93,853)</u>	<u>(101,390)</u>
	<u>\$ 2,521,749</u>	<u>\$ 1,589,868</u>

(Continued)

**GREATER WILLIAMSBURG COMMUNITY TRUST dba
WILLIAMSBURG COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

5. Pledges Receivable

Pledges receivable are recorded at fair value at the time the pledge is made. Pledges receivable were as follows:

	December 31, 2020	January 31, 2020
Receivable in less than one year	\$ 52,634	\$ 60,555
Receivable in one to five years	25,854	9,900
	\$ 78,488	\$ 70,455

6. Property and Equipment

Major classes of property and equipment consisted of the following:

	December 31, 2020	January 31, 2020
Building	\$ 300,000	\$ 300,000
Building improvements	9,358	8,188
Furniture	8,887	6,565
Software	-	18,100
	318,245	332,853
Accumulated depreciation	(57,879)	(68,224)
Property and equipment, net	\$ 260,366	\$ 264,629

7. Administrative Fees

The Foundation assesses an administrative fee of up to 1% of the average balance of endowed fund balances. The fee reduces investment income allocated on each named fund, and is transferred to provide support for the overall operations of the Foundation. The total fees assessed to endowed funds were \$132,756 and \$129,323 during the eleven-month period ended December 31, 2020 and fiscal year ended January 31, 2020, respectively. These fees are included in net assets released from restrictions on the statement of activities.

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**GREATER WILLIAMSBURG COMMUNITY TRUST dba
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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

8. Special Events Income

Fundraising income is presented net of expenses as follows:

	Eleven-Month Period Ended December 31, 2020	Year Ended January 31, 2020
5K Race		
Income	\$ 2,896	\$ 6,284
Expenses	(1,231)	(3,170)
	1,665	3,114
Other Special Events		
Income	-	26,566
Expenses	-	(19,144)
	-	7,422
	\$ 1,665	\$ 10,536

9. Related Party Transactions

During 2015, a related party donated office space valued at \$300,000 to the Foundation. In connection with this contribution, and in accordance with terms of a separate lease agreement, the Foundation leases a portion of the donated office space back to the related party. The lease agreement calls for monthly payments of \$1,000 to the Foundation and the lease agreement ended in September 2020. Related party rental income was \$7,000 for eleven-month period ended December 31, 2020 and \$12,000 for the year ended January 31, 2020, and is included in miscellaneous revenues on the statements of activities. During 2020, the related party's term on the Foundation's Board was active.

10. Endowment Funds

The Foundation's endowment consists of 117 individual funds established for a variety of charitable and educational purposes to support the objectives of the Foundation. As required by accounting standards, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTES TO FINANCIAL STATEMENTS
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10. Endowment Funds (Continued)

Interpretation of relevant law

The Commonwealth of Virginia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2008. The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies 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 remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions as those amounts are available for grant, subject to the spending policy and variance power of the Foundation, in a manner consistent with the standard of prudence prescribed by the state UPMIFA law. In accordance with state UPMIFA law, 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 organization and 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
7. The investment policy of the Foundation

In addition to the donor-restricted endowments, the Foundation has donor-advised funds established by the Foundation's governing documents. Distributions from donor-advised funds are subject to review and approval or disapproval by the Board of Trustees, subsequent to the donor's recommendation. In addition, as discussed in Note 1, the Foundation has variance power which results in the Foundation classifying donor-advised funds as net assets without donor restrictions.

The endowment net asset composition by type of fund was as follows:

<u>December 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 7,533,105	\$ -	\$ 7,533,105
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be used for a specific purpose by donor	-	11,738,574	11,738,574
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>-</u>	<u>1,891,571</u>	<u>1,891,571</u>
	<u>\$ 7,533,105</u>	<u>\$ 13,630,145</u>	<u>\$ 21,163,250</u>

(Continued)

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**NOTES TO FINANCIAL STATEMENTS
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10. Endowment Funds (Continued)

<u>January 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 5,900,008	\$ -	\$ 5,900,008
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be used for a specific purpose by donor	-	10,528,706	10,528,706
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>-</u>	<u>1,891,571</u>	<u>1,891,571</u>
	<u>\$ 5,900,008</u>	<u>\$ 12,420,277</u>	<u>\$ 18,320,285</u>

Changes in the endowment fund net assets were as follows:

<u>Eleven-Month Period Ended December 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment fund net assets, beginning of year	\$ 5,900,008	\$ 12,420,277	\$ 18,320,285
Investment return, net	926,233	1,507,613	2,433,846
Contributions	995,415	750	996,165
Appropriation of endowment assets for expenditure	(232,605)	(298,495)	(531,100)
Other changes:			
Transfers to non-endowed funds	<u>(55,946)</u>	<u>-</u>	<u>(55,946)</u>
Endowment fund net assets, end of year	<u>\$ 7,533,105</u>	<u>\$ 13,630,145</u>	<u>\$ 21,163,250</u>

<u>Year Ended January 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment fund net assets, beginning of year	\$ 5,238,634	\$ 11,547,181	\$ 16,785,815
Investment return, net	586,554	905,656	1,492,210
Contributions	241,349	130,278	371,627
Appropriation of endowment assets for expenditure	(151,678)	(163,427)	(315,105)
Other changes:			
Transfers to non-endowed funds	<u>(14,851)</u>	<u>589</u>	<u>(14,262)</u>
Endowment fund net assets, end of year	<u>\$ 5,900,008</u>	<u>\$ 12,420,277</u>	<u>\$ 18,320,285</u>

(Continued)

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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

10. Endowment Funds (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to maintain or increase the real value of the endowment principal and its distributions over the long term while funding current needs at an appropriate level. Accordingly, the investment objective for the fund is to earn, over time, the highest possible total return (e.g., capital appreciation and current yield) consistent with the following considerations (1) the fund is a perpetual fund, and is subject to the Foundation's Spending Policy; (2) there is no current income requirement, outside of the Spending Policy, as the level of distributions will be based upon the total return anticipated for the fund, although it is anticipated that a material part of the annual distributions will be covered by cash income and appreciation earned on the endowment; (3) a moderate level of risk or variability is acceptable to achieve the return objectives, although this should be tempered by diversification of the fund within and across asset classes.

Spending Policy. The Finance and Investment Committee reviews the spending level annually. It recommends a level of spending to the Board of Trustees for the ensuing year, based upon historic and anticipated returns for the endowment and any other factors appropriate to the objective of maximizing spending, consistent with balancing current and future needs and maintaining relative stability of spending, year to year. The rate of spending is based upon an average for the current market value of the portfolio and the preceding twenty quarters. This average is adjusted for significant contributions or distributions during the period. Currently, the rate is three and one-half percent (3.5%) of the average adjusted market value. It is expected that over time the rate will be in the range of 3.5% to 5.0%. Amounts released from restriction and appropriated for expenditure include grants requested by donors and approved by the Board of Trustees and administrative fees of up to 1% of the average of the endowed fund balance. See Note 7 for further discussion regarding administrative fees.

11. Net Assets

Endowed assets consist of funds which are invested principally in long-term assets from which a specified distribution is made annually. Non-endowed assets are invested principally in short-term investments and are distributed throughout the year to support donor-advised and Foundation grants, operations, and specific purposes. All donor-advised funds have been established by donor contributions of amounts, the distribution of which the donors may advise, subject to the distribution policies of the Foundation and the approval of the Board of Trustees. Field-of-interest funds are established to support specific activities within the community specified by the donors of these funds, with distributions made by the Board to those activities (e.g., musical performing arts and local history). Designated funds are established to allow the donor to select one or more specific charities to receive gifts from the fund when the fund is established. Scholarship funds are established to fund scholarships to students within the community. Scholarship funds have been established by donor contributions and are subject to the distribution policies of the Foundation and the approval of the Board of Trustees.

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**NOTES TO FINANCIAL STATEMENTS
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11. Net Assets (Continued)

Net assets are comprised of the following:

	<u>December 31, 2020</u>	<u>January 31, 2020</u>
Net assets without donor restrictions:		
Board-designated endowment:		
Community endowment	\$ 2,399,731	\$ 1,975,332
Field-of-interest	1,169,607	1,037,875
Scholarship	2,271,356	1,983,872
Designated	426,981	344,202
Donor-advised	<u>1,265,430</u>	<u>558,727</u>
	<u>7,533,105</u>	<u>5,900,008</u>
Non-endowed:		
Unrestricted	465,094	413,752
Board-designated:		
Operations	103,942	46,827
Field-of-interest	86,514	10,898
Scholarship	232,987	240,879
Designated	34,561	31,322
Donor-advised	<u>1,625,381</u>	<u>1,470,705</u>
	<u>2,548,479</u>	<u>2,214,383</u>
Total net assets without donor restrictions	<u>10,081,584</u>	<u>8,114,391</u>
Net assets with donor restrictions:		
Endowed:		
Designated	11,647,184	10,445,022
Donor-advised	1,891,571	1,891,571
Scholarship	<u>91,390</u>	<u>83,684</u>
Total net assets with donor restrictions	<u>13,630,145</u>	<u>12,420,277</u>
	<u>\$ 23,711,729</u>	<u>\$ 20,534,668</u>

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**NOTES TO FINANCIAL STATEMENTS
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12. Net Assets with Donor Restrictions

Net assets with donor restrictions available for the following purposes are as follows:

	December 31, 2020	January 31, 2020
Subject to expenditure for specific purpose:		
Designated	\$ 11,647,184	\$ 10,445,022
Scholarship	91,390	83,684
	<u>11,738,574</u>	<u>10,528,706</u>
Not subject to appropriation or expenditure:		
Investment in perpetuity, original gift amount	1,891,571	1,891,571
	<u>\$ 13,630,145</u>	<u>\$ 12,420,277</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Those amounts released from restriction are as follows:

	Eleven-Month Period Ended December 31, 2020	Year Ended January 31, 2020
Purpose restrictions accomplished:		
Designated	\$ 295,888	\$ 162,864
Scholarship	2,607	563
	<u>\$ 298,495</u>	<u>\$ 163,427</u>

13. COVID-19 Uncertainty

The COVID-19 coronavirus outbreak in the United States has affected the Foundation's operations primarily through the cancellation of in person events. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments including, the duration and spread of the outbreak, impact on contributions, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's future financial condition or results of operations is still somewhat uncertain.

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**NOTES TO FINANCIAL STATEMENTS
Eleven-Month Period Ended December 31, 2020 and January 31, 2020**

14. Paycheck Protection Program Loan Forgiveness

In April 2020, the Foundation qualified for and received a loan from a qualified lender pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, for an aggregate principal amount of \$27,000. The Foundation was eligible for loan forgiveness if proceeds of the loan were expended to maintain compensation costs and employee headcount, as well as for other qualifying expenses such as mortgage interest, rent and utilities which are incurred following receipt of the loan. Loan forgiveness is subject to the sole approval of the SBA. The Foundation was granted loan forgiveness under provisions of Section 1106 of the CARES Act from SBA in November 2020, and is included in revenue, support and other changes on the statements of activities.