



# Community Foundation of the Dan River Region

541 Loyal St · Danville, VA 24541 · 434.793.0884 · www.cfdr.org

## BOARD OF DIRECTORS' MEETING AGENDA (REVISED)

September 25, 2023 – 4:00 P.M.

**Call to Order and Welcome**.....Scott Barnes, President

**Presentation of FY2023 Audited Financial Statements**....Stephen Gay/Auditor

- Audit Approval.....Scott Barnes

**Consent Agenda** .....Scott Barnes

- Minutes of June 12, 2023 Board Meeting
- Executive Director’s September 2023 Report

**Old Business**.....Scott Barnes

**Donor Activity Update**.....Carole Holland, Donor Services Mgr.

**Treasurer’s Report**.....Vince Kania, Jr., Treasurer

**Finance Committee Report**.....Kerri Burchett, Chairperson

- Policy Recommendation for Board Approval: Pledge Booking
- Cash Availability
- Investment Fee Comparison
- Revision to Target Allocations

**Distribution Committee Report**.....Richard Dixon, Chairperson

- September 2023 Distribution Report
- Competitive Grant Cycle Update

**Executive Committee Report**.....Scott Barnes

- Policy Recommendations for Board Approval: Bereavement, Annual Leave and Sick Leave Time, Confidentiality, Conflict of Interest, and Nondiscrimination
- Due Diligence Policy for Grantmaking Revision for National Standards Approval
- Employee Handbook Approval

**Governance Committee Report**.....Angeles Atkinson, Chairperson

**Board Retreat Recap and Strategic Plan Update**.....Scott Barnes

- Staffing Review and Recommendations

**Development Report**.....Katherine Milam, Executive Director

**Adjournment**.....Scott Barnes

Next Board Meeting is scheduled for Monday, December 11, 2023 at 4:00 P.M.



**Community  
Foundation**  
*of the*  
**Dan River Region**

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**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Community Foundation of the Dan River Region  
Danville, Virginia

### **Opinion**

We have audited the accompanying consolidated financial statements of The Community Foundation of the Dan River Region (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of the Dan River Region as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation of the Dan River Region's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Community Foundation of the Dan River Region'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation of the Dan River Region's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited The Community Foundation of the Dan River Region's June 30, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

*Harris Harvey Neal & Co. LLP*

Danville, Virginia  
September 25, 2023

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023 With Comparative Totals for 2022

See Independent Auditors' Report

ASSETS	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,970,871	\$ 2,975,847
Prepaid expenses	18,080	13,031
Dividends and interest receivable	<u>27,312</u>	<u>30,259</u>
Total current assets	<u>3,016,263</u>	<u>3,019,137</u>
INVESTMENTS	46,545,391	42,751,855
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	128,791	143,734
INSURANCE LEGACIES	<u>16,963</u>	<u>15,954</u>
Total assets	<u><u>\$49,707,408</u></u>	<u><u>\$45,930,680</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ -</u>
Total current liabilities	<u>-</u>	<u>-</u>
<b>NON-CURRENT LIABILITIES</b>		
Funds held as agency endowments	<u>588,087</u>	<u>507,780</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions		
Donor advisory endowment funds	6,687,260	6,346,403
Donor designated endowment funds	24,921,604	22,875,501
Board designated endowment funds	<u>2,033,718</u>	<u>1,774,294</u>
	33,642,582	30,996,198
Undesignated	<u>15,319,664</u>	<u>14,205,361</u>
Total without donor restrictions	<u>48,962,248</u>	<u>45,201,559</u>
With donor restrictions	<u>157,073</u>	<u>221,341</u>
Total net assets	<u>49,119,321</u>	<u>45,422,900</u>
Total liabilities and net assets	<u><u>\$49,707,408</u></u>	<u><u>\$45,930,680</u></u>

The accompanying notes are an integral part of the financial statements.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

CONSOLIDATED STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2023 With Comparative Totals for 2022  
 See Independent Auditors' Report

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 1,358,065	\$ 264,618	\$ 1,622,683	\$ 2,432,951
Net investment income	1,092,877	-	1,092,877	975,808
Other income	16,489	-	16,489	15,257
Gain on sale of fixed assets	-	-	-	221,876
Net realized and unrealized gain (loss) on investments	3,079,706	-	3,079,706	(7,290,179)
Net assets released from restrictions	<u>328,886</u>	<u>(328,886)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,876,023</u>	<u>(64,268)</u>	<u>5,811,755</u>	<u>(3,644,287)</u>
<b>EXPENSES</b>				
Program expenses				
Community grants	1,705,587	-	1,705,587	1,512,851
Program related expenses	<u>188,297</u>	<u>-</u>	<u>188,297</u>	<u>162,129</u>
Total program expenses	<u>1,893,884</u>	<u>-</u>	<u>1,893,884</u>	<u>1,674,980</u>
Support services expenses				
Management and general	174,512	-	174,512	143,670
Fundraising	<u>46,938</u>	<u>-</u>	<u>46,938</u>	<u>45,168</u>
Total support services expenses	<u>221,450</u>	<u>-</u>	<u>221,450</u>	<u>188,838</u>
Total expenses	<u>2,115,334</u>	<u>-</u>	<u>2,115,334</u>	<u>1,863,818</u>
Change in net assets	3,760,689	(64,268)	3,696,421	(5,508,105)
Net assets, beginning	<u>45,201,559</u>	<u>221,341</u>	<u>45,422,900</u>	<u>50,931,005</u>
Net assets, ending	<u>\$ 48,962,248</u>	<u>\$ 157,073</u>	<u>\$49,119,321</u>	<u>\$45,422,900</u>

The accompanying notes are an integral part of the financial statements.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023 With Comparative Totals for 2022

See Independent Auditors' Report

	2023				2022	
	Program Services		Management and General	Fundraising	Total	Total
	Community Grants	Program Related Expenses				
Salaries and wages	\$ -	\$106,065	\$ 58,518	\$ 18,287	\$ 182,870	\$ 151,666
Payroll taxes	-	8,594	4,742	1,482	14,818	12,272
Employee benefits	-	10,109	5,578	1,743	17,430	14,784
Grants	1,705,587	-	-	-	1,705,587	1,512,851
Promotion	-	-	-	25,426	25,426	27,296
Depreciation	-	-	14,943	-	14,943	15,040
Utilities	-	-	4,383	-	4,383	3,959
Office supplies	-	-	6,639	-	6,639	7,906
Telephone/fax/internet	-	-	3,510	-	3,510	3,574
Postage/shipping	-	-	3,605	-	3,605	3,204
Web hosting and software	-	39,557	13,186	-	52,743	47,305
Project grant expense	-	-	16,177	-	16,177	2,400
Maintenance	-	-	3,795	-	3,795	4,823
Meeting, travel and conferences	-	-	6,747	-	6,747	2,236
Subscriptions/memberships	-	-	3,522	-	3,522	3,748
Insurance	-	-	5,196	-	5,196	4,782
Professional fees	-	23,972	23,972	-	47,943	45,982
Total expenses	<u>\$ 1,705,587</u>	<u>\$188,297</u>	<u>\$ 174,512</u>	<u>\$ 46,938</u>	<u>\$ 2,115,334</u>	<u>\$ 1,863,828</u>

The accompanying notes are an integral part of the financial statements.



THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023 With Comparative Totals for 2022

See Independent Auditors' Report

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,696,421	\$ (5,508,105)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,943	15,040
(Gain) on disposal of fixed assets	-	(221,876)
Net realized and unrealized (gains) losses on investments	(3,079,706)	7,290,179
Change in operating assets and liabilities:		
(Increase) in prepaid expenses	(5,049)	(795)
Increase (decrease) in dividends and interest receivable	2,947	(7,712)
(Increase) in insurance legacies	(1,009)	(969)
(Decrease) in accounts payable	-	(5,000)
Increase (decrease) in agency endowments	80,307	(86,195)
Net cash provided by operating activities	<u>708,854</u>	<u>1,474,567</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,094,660)	(6,703,155)
Proceeds from the sale and maturities of investments	3,380,830	4,673,991
Proceeds from the sale of fixed assets	-	708,688
Net cash (used in) investing activities	<u>(713,830)</u>	<u>(1,320,476)</u>
Net increase (decrease) in cash and cash equivalents	(4,976)	154,091
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>2,975,847</u>	<u>2,821,756</u>
Ending	<u>\$ 2,970,871</u>	<u>\$ 2,975,847</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH AND CASH CASH FLOW INFORMATION</b>		
Interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

# THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies

#### Nature of activities:

The Community Foundation of the Dan River Region (the Foundation) was organized and incorporated under the laws of the Commonwealth of Virginia as a not-for-profit organization in September 1996. The Foundation is a not-for-profit, nonstock, tax-exempt public charity organized for the purpose of providing financial resources for social, educational, cultural, and other charitable benefits of the communities of Danville, Pittsylvania County, and Halifax County, Virginia and Caswell County, North Carolina.

#### Basis of presentation:

The consolidated financial statements include the accounts of the Foundation and those of its supporting organization, Community Foundation Properties, LLC (CFP). CFP is a corporation organized for the purpose of acquiring, accepting, holding, and managing gifts of real property, interests in real property, and other gifts for the sole benefit of the Foundation. The Foundation is the sole corporate member of CFP. Inter-organizational transactions and balances have been eliminated.

#### Basis of accounting:

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Net assets:

As a not-for-profit organization, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. However, governing instruments of the Foundation as well as certain donor agreements provide for the exercise of a variance power by the Foundation allowing the Board of Directors, at its discretion, to modify any restriction placed on contributions by donors if such restrictions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

It is the intent of the Foundation's Board of Directors to honor restrictions placed on contributions by donors. However, endowed funds are intended to be maintained in perpetuity and, over time it is inevitable that instances of changes, that cannot be presently contemplated, will occur to the extent that they make following donor stipulations unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Therefore, the Board of Directors' variance power is imperative to operations and, because of the power to do otherwise as described above, net assets have been classified in these consolidated financial statements as without donor restrictions unless the Board of Directors' variance power does not apply.

# THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (continued)

#### Net assets without donor restrictions:

Consist of assets, net of liabilities, related to the Foundation's regular activities, which are available at the discretion of the Foundation's Board of Directors. Without donor restrictions amounts that are available for use in carrying out the mission of the Foundation consist of expendable resources, including funds designated for special use by the Foundation's Board of Directors and funds subject to the variance power established by the Foundation's Governing Documents, and undependable resources invested in land, buildings, and equipment. The earnings of net assets without donor restrictions are to be used for operations.

The several types of endowment funds within the classification of net assets without donor restrictions are as follows:

Donor advisory endowment funds – Represent funds contributed by donors to benefit specific charitable areas of interest for which a committee designated by the donor may make periodic recommendations as to grants from the fund. Recommendations are subject to the Foundation's variance power; therefore, earnings from these funds are classified as without donor restrictions.

Donor designated endowment funds – Represent funds contributed by donors to benefit specific charitable or educational areas of interest. The Board of Directors awards grants within the areas specified by the donors subject to the Foundation's variance power.

Undesignated endowment funds – Represent funds for which the only restriction imposed by the donor is that the principal amount be preserved and the earnings from these funds be expended at the discretion of the Board of Directors.

Board designated endowment funds – The Foundation's Board of Directors may designate an otherwise unrestricted amount as an endowment fund whereby the contribution would remain intact and earnings set aside for a specific use determined by the Board of Directors. Since the restriction is not from an external donor and subject to change by future Board of Directors, these funds and their earnings are classified as unrestricted.

#### Net assets with donor restrictions:

Represent those amounts not subject to the Foundation's variance power which are donor restricted for specific purposes. Some donor-imposed restrictions are temporary in nature and may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions.

#### Comparative financial information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

# THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (continued)

#### Expiration of donor-imposed restrictions:

The expiration of donor-imposed restriction(s) of a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Unrestricted bequests:

The Foundation follows the policy of designating all unrestricted bequests as funds functioning as contributions. Such bequests are included in contributions and grants in the Consolidated Statement of Activities and Changes in Net Assets.

#### Revenue recognition:

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed restrictions on net assets are reported as net assets released from restriction on the Consolidated Statements of Activities.

The Foundation reports non-cash gifts as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. The Foundation reports expirations of donor restrictions when the donated assets are placed in service.

Contributions are recognized as revenues in the period made. Contributions of assets other than cash, which are primarily donated investment securities, are recorded at their estimated fair value at the date of donation.

#### Functional allocation of expenses:

Expenses are charged directly to program services, management and general, or fundraising in general categories based on specific identification.

Program related expense – Program related expense consists primarily of expenses incurred in relation to community grants awarded.

Support services expenses – Support services expenses include salaries and benefits, rent, and other overhead expenses that are incurred in the overall operation of the Foundation and are not specifically attributable to a particular fund or program. An administrative fee, which generally ranges from 0.65% to 1.25% of each fund's market value, is charged

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Functional allocation of expenses (continued):

to cover the Foundation's operating expenses. Most pass-through (non-endowed) funds are charged a 2% administrative fee for the contributed amount, plus any interest or income earned. Special Projects Funds require additional oversight and have a 5% fee unless special circumstances require higher fees.

Cash equivalents:

For purposes of the Consolidated Statement of Cash Flows, the Foundation considers all highly liquid investments which are readily convertible into cash to be cash equivalents.

Investments:

The Foundation investments are reported at fair value in the Consolidated Statements of Financial Position. The fair value of marketable equity and debt securities is determined using quoted market prices. Certain less-marketable investments are generally carried at values determined by the respective investment managers using valuation approaches that can generally be classified as either; an income or earnings approach, a cost or asset approach, or a market approach. Investments are exposed to various risks, such as interest rate, market, and credit. 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, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the consolidated financial statements. Unrealized gains and losses are included in the Consolidated Statements of Activities.

Investment management fees:

Investment management fees paid directly to the investment managers for the fiscal years ended June 30, 2023 and 2022, totaled \$134,783 and \$143,082, respectively. In addition, there were management fees incurred for the Foundation's alternative investments. Those fees were not paid to the managers but netted from the return on alternative investments.

Contributed services:

The Foundation receives a substantial amount of services donated by volunteers in carrying out the activity of the Foundation. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC Topic 958-Not-for-Profit Entities.

Land, buildings, and equipment:

For financial statement presentation, land, buildings, and equipment purchases have been capitalized. Donated land, buildings, and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt and are capitalized. The Foundation capitalizes asset acquisitions of \$5,000 or more. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15-40 Years
Equipment and other	5-10 Years

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Insurance legacies:

The Foundation has been named as beneficiary of certain insurance policies. Under the terms of the insurance policies, the Foundation will receive the applicable death benefit from the related insurance policies; and accordingly, the Foundation's interest in the insurance policies is recorded as an asset at fair value. The fair value of the insurance policies is presumed to be the policies' cash surrender value at the end of the Foundation's reporting period. Changes in the fair value of insurance assets, over any applicable obligations, are included in the Consolidated Statement of Activities as with donor restrictions revenue and support.

Outstanding legacies:

The Foundation is the beneficiary under various wills and trust agreements, the total realizable value amounts of which are not presently determinable. The Foundation's share of such bequests is recorded when the testamentary instrument is deemed to be valid and the proceeds are measurable.

Commitments and contingencies:

Contracts with government agencies require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the return of funds to the agencies or the suspension of future funds. Although that is a possibility, the Board of Directors deems the contingencies remote.

Funds held as agency endowment liabilities:

The Foundation is a recipient organization that accepts contributions from organizations and agrees to use those assets on behalf of a specified beneficiary and recognizes the fair value of those assets as a liability to the specified beneficiary. The Foundation maintains variance power and legal ownership of agency endowment funds and as such, continues to report the funds as assets of the Foundation.

Advertising:

The Foundation's advertising is non-direct and costs are expensed as incurred. Advertising expenses for the years ended June 30, 2023 and 2022 were \$21,233 and \$15,058, respectively.

Income taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Internal Revenue Code Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi) of the Internal Revenue Code.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Management review:

The Foundation must disclose the date through which subsequent events have been evaluated, in accordance with the requirements in FASB ASC Paragraph 855. In regards to these consolidated financial statements and the notes to these financial statements, the Foundation has evaluated all subsequent events through September 25, 2023, the date the Foundation's financial statements are available to be issued.

Note 2. Investments

Investment performance for all accounts managed under investment agreements with external agents is reviewed periodically by the Foundation's Investment Committee and Board of Directors.

Net investment income is comprised of the following for the years ended June 30, 2023:

Interest and dividend income	\$ 1,092,877
Net realized and unrealized losses on investments	<u>3,079,706</u>
	<u>\$ 4,172,583</u>

Note 3. Fair Value Measurements

FASB issued ASC Topic 820 – Fair Value Measurements and Disclosures, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted price in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

The fair value of the following financial assets, excluding its cash and cash equivalents and certificates of deposits, of the Foundation are measured at fair value based on the following input levels:

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurements (continued)

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 1,550,506	\$ 1,550,506	\$ -	\$ -
Large Cap Equities	8,372,433	8,372,433	-	-
Mid Cap Equities	7,026,819	7,026,819	-	-
Small Cap Equities	4,832,825	4,832,825	-	-
International Equities	8,543,750	8,543,750	-	-
Emerging Markets	1,386,353	1,386,353	-	-
Global Equities	4,613,756	4,613,756	-	-
Balanced Fund	954,073	954,073	-	-
Fixed Income	4,724,618	4,724,618	-	-
Total investments in the fair value hierarchy	42,005,133	42,005,133	-	-
Investments measured at net asset value*	4,540,258	-	-	-
Investments at fair value	<u>\$ 46,545,391</u>	<u>\$ 42,005,133</u>	<u>\$ -</u>	<u>\$ -</u>

(\*) Certain investments that are measured at fair value using the net asset value per shares (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 1,626,704	\$ 1,626,704	\$ -	\$ -
Large Cap Equities	7,730,143	7,730,143	-	-
Mid Cap Equities	6,181,275	6,181,275	-	-
Small Cap Equities	4,252,909	4,252,909	-	-
International Equities	5,621,874	5,621,874	-	-
Emerging Markets	3,328,409	3,328,409	-	-
Global Equities	4,055,066	4,055,066	-	-
Fixed Income	5,319,083	5,319,083	-	-
Total investments in the fair value hierarchy	38,115,463	38,115,463	-	-
Investments measured at net asset value*	4,636,392	-	-	-
Investments at fair value	<u>\$ 42,751,855</u>	<u>\$ 38,115,463</u>	<u>\$ -</u>	<u>\$ -</u>



THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurements (continued)

The following methods and assumptions were used by the Foundation in estimating the fair value of its Level 1, Level 2 and Level 3 financial instruments:

Level 1 Fair value measurement – The fair values are based on quoted prices in active markets for identical securities.

Level 2 Fair value measurement – The fair values are determined by observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, and credit risk).

Level 3 Fair value measurement – The fair values are determined by unobservable inputs. The fair values as of June 30, 2023 and 2022 of the following investments have been determined using the net asset value per unit of the investment:

	2023		2022	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Real Estate Investment Trust	\$ 3,250,075	\$ -	\$ 3,064,181	\$ 425,000
Private Equity	932,770	297,500	1,175,551	386,472
Commodities	357,413	135,292	395,510	135,292
Hedge Funds	-	-	1,150	13,500
Total	<u>\$ 4,540,258</u>	<u>\$ 432,792</u>	<u>\$ 4,636,392</u>	<u>\$ 960,264</u>

Note 4. Land, Buildings, and Equipment

The Foundation received a contribution in 1998 of land and buildings as part of a donation. The land and buildings were recorded at a value based upon appraised value as determined in the jurisdiction in which the real estate is located. During the year ended June 30, 2022, the Foundation sold the donated land and buildings.

The Foundation did not recognize depreciation expense for the donated buildings for the year ended June 30, 2022 due to the value of the property per the financial statements being less than the fair market value.

Land, buildings, and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land		
Administrative office	\$ 21,233	\$ 21,233
Buildings		
Administrative office	301,781	301,781
Furniture and equipment	36,824	37,024
Computer equipment and software	18,089	18,089
	<u>377,927</u>	<u>378,127</u>
Less: Accumulated depreciation and amortization	249,136	234,393
	<u>\$ 128,791</u>	<u>\$ 143,734</u>

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 4. Land, Buildings, and Equipment (continued)

Depreciation and amortization was \$14,943 and \$15,040 for each of the years ended June 30, 2023 and 2022, respectively.

Note 5. Retirement Plan

The Foundation maintains a Simplified Employee Pension Plan (Plan) covering all employees who meet the eligibility requirements of the Plan. The Foundation's contributions to the Plan are at the sole discretion of the Board of Directors for the Foundation. Contributions to the Plan for the years ended June 30, 2023 and 2022 were \$7,510 and \$7,877, respectively.

Note 6. Significant Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. These matters include the following:

Contributions:

Approximately 89% of all contributions were received from ten donors for the year ended June 30, 2023.

Investments:

The Foundation's investments consist primarily of financial instruments including cash equivalents, equity securities, fixed income securities, and money market funds. These financial instruments may subject the Foundation to concentrations of credit risks as, from time to time, cash balances exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). The market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and investments are subject to changes in market values. At June 30, 2023, the Foundation's cash and cash equivalents balances in financial institutions included cash deposits of \$3,927,989 which were not covered by FDIC coverage.

Note 7. Endowment Funds

Net asset classifications:

The FASB issued ASC Topic 958 – Not-for-Profit Entities which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC Topic 958 also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and Board of Director designated endowment funds) whether or not the organization is subject to UPMIFA.

Inasmuch as the State of Virginia adopted UPMIFA effective March 2008, the Board of Directors has determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA. The Foundation is governed subject to the Governing Documents for the Foundation and most contributions are received subject to the terms of the Governing Documents.

## THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

### NOTES TO FINANCIAL STATEMENTS

#### Note 7. Endowment Funds (continued)

##### Net asset classifications (continued):

Under the terms of the Governing Documents, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board of Directors in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation 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 policies of the Foundation

As a result of the ability to distribute corpus, the Board of Directors has determined that all contributions received subject to the Governing Documents, and subject to UPMIFA, are classified as with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded as with donor restrictions or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will, at some future time, become available for spending or if the corpus never becomes available for spending, it will be reported as with donor restrictions. In addition, contributions that are promised to be given in a future period are presented as with donor restrictions until the payments are due.

##### Endowment investment 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. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return a 5.0% real rate of return. 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 emphasis 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 grant making and administration. The current spending policy is to distribute an amount up to 5.0% of a moving twenty-quarter average.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment Funds (Continued)

Endowment investment and spending policies (continued):

Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow 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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, there were no deficiencies in the funds.

Changes in endowment net assets:

For the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 45,201,559	\$ 221,341	\$ 45,422,900
Investment income	1,092,877	-	1,092,877
Net realized and unrealized gains, other income	3,096,195	-	3,096,195
Contributions	1,358,065	264,618	1,622,683
Appropriation of endowment assets for expenditure	(2,115,334)	-	(2,115,334)
Other charges-transfers	328,886	(328,886)	-
Endowment net assets, end of year	<u>\$ 48,962,248</u>	<u>\$ 157,073</u>	<u>\$ 49,119,321</u>

Amounts released from restriction in 2023 and 2022 relate primarily to the occurrence of the passage of time and appropriations of spendable amounts from endowments funds.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 8. Agency Endowment Activity

The foundation holds agency endowment funds on behalf of other nonprofit organizations. The following is a summary of the activity for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Agency funds, beginning of year	\$ 507,780	\$ 593,975
Contributions	50,000	-
Investment income	14,950	13,123
Realized and unrealized gain (loss) on investments	37,462	(85,704)
Grants	(13,460)	(4,651)
Investment and administrative fees	<u>(8,645)</u>	<u>(8,963)</u>
Agency funds, end of year	<u>\$ 588,087</u>	<u>\$ 507,780</u>

Note 9. Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,970,871	\$ 2,975,847
Investments, short-term and liquid	<u>1,550,506</u>	<u>1,626,704</u>
	4,521,377	4,602,551
Less amounts not available to be used within one year or amounts not available without Board approval		
Agency endowment liabilities	(588,087)	(507,780)
Donor and committee advised funds	<u>(2,877,923)</u>	<u>(2,679,830)</u>
Available for general expenditure	<u>\$ 1,055,367</u>	<u>\$ 1,414,941</u>

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. See Note 7 for more information.

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.

THE COMMUNITY FOUNDATION OF THE DAN RIVER REGION

NOTES TO FINANCIAL STATEMENTS

Note 10. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, professional services, office supplies, and web hosting and software, which are allocated on the basis of estimates of time and effort.



**Board of Directors' Meeting Minutes – Amended & Needing Approval**

**June 12, 2023 at 4:00 P.M.**

**541 Loyal Street and via Zoom**

**Present:** Angeles Atkinson, Scott Barnes, Steve Bass, Lee Farmer, Richard Dixon, Cathy Pulliam, Felecia Veal-Edmunds, Teresa Petty, Sandy Saunders, Janet Holley, Jennifer Hiltwine, Kunal Patel, Kerri Burchett, Vince Kania, Jr., Richard Camp, Howard Graves, Lisa Johnson-Knight, Nina Beth Thornton, Kendra Floyd, Carole Holland, and Kathy Milam

**Absent:** Brian Wilson, Tiffany Hairston, Ginny Foster, Danielle Montague, and Bill Riddle

Angeles Atkinson opened the meeting at 4:05 p.m., welcoming everyone.

**Minutes** from the March 20, 2023 Board Meeting were presented by Angeles for approval. On a Holley/Saunders motion, the Minutes were approved by all.

**Donor Activity Update:** Carole Holland stated that four notecards were circulating for Board Members' signatures. These are intended for donors whose scholarships are paying out for the first time this year. A photo of, and thank you message from, the scholarship recipient will accompany the notes. Carole also gave an example of how a QR code can help raise funds for an endowed fund. Charley Majors retired recently, and donations were made in his honor to the Carol and Charley Majors Fund from a party invitation with a QR code linked to CFDRR's donation page.

**Treasurer's Report:** Vince Kania referred to the March 31, 2023 Financial Reports, noting that the market is slowly recovering. As a result of the success of our investments, we have approximately \$1.6 million in gains. He emphasized this is a team effort, staying in line with our policies. He said that budgeted expenses remain on target. On a Dixon/Holley motion, all approved the Treasurer's Report.

**Finance Committee Report:** Scott Barnes addressed the FY 2023-2024 Budget. He noted some salary changes due to inflation increases. Benefits are up 6%. We had some personnel changes in 2023. Accounting services are up \$1,500. Building and Maintenance increased due to the upcoming parking lot resealing project. Software expenses have increased. Expenses are up about \$30,000 for a total FY 2023-2024 budget of \$442,231. On a Kania/Dixon motion, all approved the budget.

Next, Scott enumerated three policies due to be reapproved by the Board on recommendation from the Finance Committee.

- Credit Card Policy-changes to this policy were due to the removal of the credit card machine from our office.

- Gift Acceptance Policy-there was a minor change regarding undesignated gifts.
- Financial Policy and Procedure-this policy had no changes; however, the Banking and Finance Resolution will be updated for the next fiscal year with a revised set of approved signatures. On a Camp/Burchett motion, all approved the policy changes.

**Distribution Committee:** Steve Bass gave a summary of the June Distribution Committee Report stating that with scholarships and grants, the Distribution Committee recommended \$527,573.95 in payouts. On a Camp/Kania motion, all approved the June Distribution Committee Report.

Steve addressed substantial changes to the Scholarship Policy and Procedure. Some of the changes are simply clarification of existing language, and others are the addition of verbiage from the Council on Foundations template. On a Holley/Dixon motion, all approved the policy changes.

Angeles took a moment to express strong appreciation for the work of the Distribution Committee Members who have a major responsibility for reviewing and scoring the scholarships. Board participation has been great in this process.

**Executive Committee Report:** Angeles said a Telework Policy was developed to meet the expectation of being able to work remotely. It is common now to have employees working off-site. This policy gives CFDRR staff the opportunity to work remotely. On a Kania/Graves motion, all approved the Telework Policy.

**Governance Report:** Angeles reviewed the Board grid for FY 2023-2024 stating the names of the new officers, committee chairs, and new Board members. She thanked everyone for their willingness to serve. She reiterated that we are a working Board. Then, Board members shared a little about the three new Board members, Dan Angell, Sheila Williamson-Branch, and Sylvia Brooks. Kathy Milam added a little from the biographical information submitted by the nominees. On a Dixon/Edmunds motion, all approved the Governance Report.

**Strategic Planning:** Scott spoke about the Strategic Plan, an eight-page plan developed last fall. He said we will host a Board Retreat, probably on a Tuesday or Thursday, around the third week of August. This will be shorter than the strategic planning retreat held last summer. It will be held at a venue away from the Foundation office. The focus will be education and how CFDRR can drive change.

**Development Report:** Kathy Milam reported on the following:

Personnel:

- For current staffing support needs, we plan to hire a part-time, 20-hour per week Foundation Generalist. The position is included in the FY2023-2024 budget. Kathy would like to give our Board members the opportunity to recommend someone for this position, if they know someone who would be a strong candidate. Kathy said she is happy to share the job description, and would like recommendations within the next two weeks.



#### Past Business:

- Jim Daniel's law office, Daniel Medley & Kirby, will now serve as Registered Agent for both The Community Foundation of the Dan River Region and Community Foundation Properties, LLC, due to Clement and Wheatley closing.
- On April 25, we hosted a Cannon Financial Teleconference, "It's Not All About Saving Taxes - How Trusts Can Impact Beneficiaries Lives?" Ten CPA's and attorneys attended this teleconference. This is strong attendance and we plan to continue offering this service in the fall.
- Carole, Traci and Kathy attended the VA Funders Network Annual Conference at the Hotel Roanoke. This was a worthwhile day and a half for our staff spent with funders from around the state. We would like to attend this conference again.
- Thank you to all who attended the Scholarship Reception in Chatham and helped in various ways. We had around 200 attendees. It was a very nice event, but we are sorry the sound system was not working properly. Next year, we will ensure that is not an issue. If you have any thoughts about the event, please feel free to share them with Kathy.

#### National Accreditation:

Our three-year National Standards Accreditation period ends this fall, so we are actively working to complete the renewal documents. One item that is required is our Board's approval of the National Standards for U.S. Community Foundations Board Resolution. The minutes for today's meeting need to reflect approval of this Resolution.

Before voting to approve, Kathy was advised to remove the blurb in the footer of the Board Resolution document. Steve Bass asked about the certification that all documents and information provided in this application is true and correct. ~~He asked if the documents and information are Board approved policies. Kathy responded that much of what is provided is Board approved policy and approved meeting minutes.~~ He asked if the documents and information attached to the application have been reviewed and approved by the Board or appropriate committees of the Board. Kathy responded in the affirmative.

On a Holley/Edmunds motion, the National Standards for U.S. Community Foundations Board Resolution was approved by all.

#### Southside Regional Funders Lunch:

CFDRR will sponsor this event along with the Harvest Foundation and DRF. The event date is July 12 from 11:30 – 1:30 p.m. The location will be in Martinsville, most likely at the Harvest Foundation or another location there depending on number of people attending. A goal is to build and enhance relationships, explore regional priorities and identify shared interests.

#### Donor Appreciation Luncheon:

This event is scheduled for November 9, 2023 at IALR. We have raised \$5,750 in sponsorship for the event. If your business would like to help in this way, we are still open for sponsors. The total cost for the luncheon last year was about \$7,000.

#### Danville Regional Foundation three-year grant:

The third year of our \$750,000 grant from DRF (\$250,000 per year) was used for 2023 competitive grants. This week, Kathy will submit a proposal to DRF for another round of funding for three years. This is a significant source of funds for our competitive grant cycle. It makes up about a third of what we have available to grant.

Quality of Life Annual Appeal:

We prepared a letter for the appeal to be mailed to businesses and individuals. We seek contributions to help create a new Hospitality Scholarship Fund, to help grow our Unrestricted Community Fund or a Fund of one's choice.

Averett University committed \$4,000 toward the scholarship. We are writing a proposal to the Daly Trust for funding for the scholarship.

Board Member Portal on Website:

We are looking forward to rolling out a new Board Member Portal on our website with the onboarding of our three new Board Members. Anticipate communication about this in the near future most likely from Carole.

**Recognition of Retiring Board Members:** Angeles recognized the dedication of outgoing Board members, Richard Camp, Janet Holley, and Brian Wilson. Janet and Richard accepted plaques customized for each of them along with a thank you note. Both expressed how much their experience on CFDRR's Board meant to them. Kathy presented Angeles with a bouquet of fresh flowers and a thank you note with a gift card. Kathy and others expressed appreciation to Angeles, who generously agreed to help CFDRR when we unexpectedly needed a leader to serve as President. She credited her employer for allowing her the time to participate. She did a fabulous job as our President for a second term. She will continue on the Board for another two years.

With no further business, the meeting adjourned at 4:53.

Respectfully submitted,

Cathy Pulliam, Secretary



**DEVELOPMENT UPDATES**  
**For Board Meeting September 25, 2023**  
**Kathy Milam, Executive Director**

**1) BOARD ENDOWMENT FUND**

CFDRR Directors, present and past, contribute to this Fund that directly supports The Foundation's operations. The larger the Board Endowment Fund becomes, the greater will be its annual support for operations. All CFDRR Board Members are encouraged to contribute to the Fund's growth.

**2) GOVERNANCE**

- Scholarship checks mailed to colleges and universities
- Banking and Finance Resolution updated
- Signature cards updated for two banks
- Annual conflict of interest forms dispersed and returned by directors and staff
- Competitive grant cycle closed July 28; administrative cut completed
- Fund for Halifax Request for Proposals released August 1
- Board Orientation held August 3 for new members
- Documentation provided to Harris, Harvey, Neal & Co. auditors as requested; on site audit work August 21-24
- Board Retreat and Social held August 24 at Angela's Creative Catering
- Finance Committee meeting with Seth Lynn, Dahab & Associates held August 26
- Distribution Committee meeting September 20

**3) NATIONAL STANDARDS FOR U.S. COMMUNITY FOUNDATIONS REACCREDITATION**  
**APPROVED-effective 10/15/2023 through 10/15/2026.**

**4) DANVILLE REGIONAL FOUNDATION GRANT-** three-year grant totaling \$900,000 (\$300,000 annually; an increase of \$50,000 annually). Staff and Board Capacity Development Grant remaining \$31,422 balance available with submission of a usage plan.

**5) NEW FUNDS ESTABLISHED June 14–September 15, 2023**

- Danville Historical Society Endowment Fund
- Hospitality Management and Tourism Scholarship Fund
- Scott and Lisa Wintrode Designated Fund

**6) MAJOR GIFTS (\$5,000 or more) June 14-September 15, 2023**

Nine gifts of \$5,000 or more.

Total of these gifts is \$4,751,129.61.

Donors are National Tobacco Textile Museum, Robert T. Marshall Revocable Trust, Elizabeth S. Marshall, Scott and Lisa Wintrode, Mr. and Mrs. Don Wintrode, Donald W. Huskey, and Inara A. Dodson.

Ten gifts of \$500 to \$4,999.

A total of 99 gifts were received during this period totaling \$4,773,286.01.

#### **7) 27<sup>th</sup> YEAR QUALITY OF LIFE ANNUAL APPEAL**

Forty Annual Appeal gifts through September 19 total \$40,548.

The goal of this appeal is to raise \$27,000 by December 31, 2023. A letter requesting donations was mailed to 800 donors, businesses and local organizations on August 4, 2023.

#### **8) MARKETING-June 14-September 15, 2023**

In addition to our core responsibilities, The Foundation staff works hard to educate the public about our services and accomplishments through a variety of marketing platforms. Strong teamwork brings this work to fruition.

##### **Constant Contact E-Newsletters**

Sent eight e-newsletters for the following: June, July and August regular newsletters, general reaccreditation announcement newsletter, reaccreditation newsletter to professional advisors, notice of competitive grant cycle closing newsletter, Foundation Administrator job posting newsletter, Cannon Financial Institute newsletter to professional advisors. Our general audience is 1,120 contacts.

##### **Press Releases**

- Published in *Danville Register and Bee*, *Caswell Messenger* and *Chatham Star Tribune* about (1) New board members/officers, and (2) Reaccreditation announcement.
- Chambers of Commerce of Danville/Pittsylvania, Caswell County and Halifax County ran our information about (1) New board members, (2) Reaccreditation announcement, and (3) Foundation Administrator job posting.

##### **Website**

- Developed and implemented the Board Portal on the website.
- Created a Fund for Halifax page.
- Made several changes required by the National Standards application process.
- Ongoing refreshing and updating of information.

##### **Annual Report**

- Collection of the information necessary for the FY2023 Annual Report is well underway. Most of the information has been given to the designer/printer. Awaiting first draft.
- Created scholarship statistics infographic for annual report.

##### **Scholarships**

- Updated and printed 675 scholarship brochures to cover school systems in service area.

##### **Miscellaneous**

- Monthly meetings to review marketing schedule and plan content.
- Created design for a strategic plan booklet.

- Created a QR code business card for Halifax Advisory Committee members to use for more information.
- Traci and Chuck Viperman recorded a video for his podcast in conjunction with *Star Tribune* news.
- Social media posts about grant application deadlines, accreditation, and job opening; shared posts made by our grantees publicizing our funding to them.
- Ordered 500 more CFDRR logo pens.

#### **9) UPCOMING EVENTS**

Donor Appreciation Luncheon Planning is scheduled on November 9 at 12:00 P.M. It will take place at the Institute for Advanced Learning and Research.

Cannon Financial Institute-CFDRR hosts 5-6 webinars with Cannon Financial Institute each fiscal year. We invite local estate planning professionals to attend virtually, at no cost. Fall classes will be held on October 24 and November 14.

#### **10) COMMUNITY ENGAGEMENT June 14–September 15, 2023**

Kathy participated in an Arts & Culture Master Plan Committee meeting and the Investing in Danville Committee initial meeting; co-hosted Southside Regional Funders Gathering at the Harvest Foundation in Martinsville; helped coordinate a Funder’s Forum Lunch Meeting on the subject of Out-of-School-Time Learning; coordinated the annual Board Retreat at Angela’s Creative Catering.

Carole participated in the Funder’s Forum Lunch Meeting, a Danville Community College Event, an Open House at the Averett President’s Home, and assisted with planning and attended the Board Retreat.

Traci met with Averett development personnel about the Hospitality Management and Tourism Scholarship. She met with Sharon Harris, Alyssa Rogers and Denise Barksdale about joining the Fund for Halifax Advisory Committee. She attended the Funders Forum Lunch Meeting, Board Retreat, and a Virginia Funders Network webinar on Aging and Older Adults. She attended the regional college night at IALR.

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Balance Sheet  
Statement of Financial Position  
July 31, 2023

	July 2023	June 2023	July 2022
<b>ASSETS</b>			
Petty Cash	97.98	97.98	24.47
Checking	144,358.88	164,079.30	152,904.62
Credit Card Checking	3,983.96	4,008.96	1,557.85
Money Market Checking	2,825,059.73	2,695,491.79	2,712,544.89
Certificates of Deposit	107,192.82	107,192.82	110,324.02
Life Insurance	16,963.21	16,963.21	15,954.26
Investments in Equity Pool	51,414,693.04	46,545,391.01	44,455,611.03
Prepaid Expenses	28,160.88	18,080.17	23,802.82
Furniture and Equipment	33,579.02	33,579.02	33,779.02
Accum. Depreciation-Furniture	(33,331.56)	(33,316.09)	(32,903.67)
Computer Software	21,334.29	21,334.29	21,334.29
Accum. Amortization - Software	(18,886.60)	(18,736.43)	(16,858.31)
Real Estate - Office	323,014.18	323,014.18	323,014.18
Accum. Depreciation - Office	(198,102.49)	(197,083.64)	(185,876.30)
Accrued Interest Rec.	31,635.24	27,310.07	34,412.15
	=====	=====	=====
Total Assets	54,699,752.58	49,707,406.64	47,649,625.32
<b>LIABILITIES</b>			
	-----	-----	-----
Total Liabilites	0.00	0.00	0.00
<b>FUND BALANCES</b>			
Fund Balance - Historic Gifts	45,633,722.72	41,402,685.84	39,932,254.54
Fund Balance - Net Earnings	6,477,002.95	6,812,171.76	5,221,392.07
Fund Balance - Available	2,589,026.91	1,492,549.04	2,495,978.71
	-----	-----	-----
Total Fund Balances	54,699,752.58	49,707,406.64	47,649,625.32
	=====	=====	=====
Total Liab & Fund Balances	54,699,752.58	49,707,406.64	47,649,625.32

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Profit & Loss Statement  
Statement of Activities  
For the one month ending July 31, 2023

	Current Month	YTD Current	YTD - Prior Year
<b>REVENUES</b>			
Gifts & Bequests (Historic)	4,230,021.88	4,230,021.88	1,345.00
Gifts & Bequests (Avail)	0.00	0.00	565.00
Inter-fund Gifts (Historic)	1,015.00	1,015.00	1,000.00
Inter-fund Gifts (Avail)	0.00	0.00	68,066.00
Ordinary Income	0.00	0.00	1.00
Interest/Dividend Income	17,021.74	17,021.74	14,520.03
Realized Gain/Loss	3,646.83	3,646.83	(61,258.50)
Unrealized Gain/Loss	1,291,276.86	1,291,276.86	2,259,708.17
Admin Fees	0.00	0.00	10.00
<b>Total Revenues</b>	<b>5,542,982.31</b>	<b>5,542,982.31</b>	<b>2,283,956.70</b>
<b>TRANSFERS</b>			
Spend Pol Trans-Net Earn	1,623,442.00	1,623,442.00	1,518,739.00
Spend Pol Trans-Avail	(1,623,442.00)	(1,623,442.00)	(1,518,739.00)
<b>Total Transfers</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENSES</b>			
Grants Voted	506,212.15	506,212.15	525,495.13
Investment Mgt. Fees	14,221.54	14,221.54	13,303.20
Administrative Fees	0.00	0.00	10.00
Salaries	14,232.07	14,232.07	12,861.24
Employee Benefits	2,835.01	2,835.01	1,947.05
Insurance	430.00	430.00	524.00
Utilities and Fuel	587.45	587.45	541.77
Telecommunications	276.62	276.62	275.39
Accounting Services	2,996.17	2,996.17	2,978.24
Office Supplies	3.75	3.75	190.35
Mailing Expense	317.18	317.18	124.72
Building Maintenance	858.00	858.00	903.00
Promotion	369.64	369.64	92.39
Printing & Reproduction	0.00	0.00	55.32
Dues & Subscriptions	1,250.00	1,250.00	0.00
Software/Comp/Web Maint.	4,740.96	4,740.96	4,235.22
Meetings	30.34	30.34	0.00
Other Expenses	91.00	91.00	229.23
Depreciation Exp	1,184.49	1,184.49	1,245.27
<b>Total Expenses</b>	<b>550,636.37</b>	<b>550,636.37</b>	<b>565,011.52</b>
<b>Net Activity</b>	<b>4,992,345.94</b>	<b>4,992,345.94</b>	<b>1,718,945.18</b>

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Adminstrative Budget vs. Actual Monthly  
Statement of Activities  
For the one month ending July 31, 2023

	Current Month	YTD Actual	Annual Budget
<b>REVENUES</b>			
Gifts & Bequests Available	0.00	0.00	5,000.00
Interfund Gifts Available	0.00	0.00	25,926.00
Interest and Dividend Income	3,176.06	3,176.06	15,000.00
Realized G/L	17.88	17.88	0.00
Unrealized G/L	6,329.71	6,329.71	0.00
Admin Fees	0.00	0.00	396,305.00
<b>Total Rev</b>	<b>9,523.65</b>	<b>9,523.65</b>	<b>442,231.00</b>
<b>trans</b>			
<b>Total Transfers</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENSES</b>			
Salaries	14,232.07	14,232.07	204,557.00
Employee Benefits	2,835.01	2,835.01	45,214.00
Insurance	430.00	430.00	5,500.00
Utilities & Fuel	587.45	587.45	5,000.00
Telecommunications	276.62	276.62	3,460.00
Legal & Consult. Services	0.00	0.00	5,000.00
Accounting Services	2,996.17	2,996.17	49,050.00
Office Supplies	3.75	3.75	2,200.00
Mailing Expense	317.18	317.18	3,500.00
Building Maintenance	858.00	858.00	8,000.00
Promotions	369.64	369.64	30,100.00
Print & Reproduction	0.00	0.00	2,350.00
Dues & Subscriptions	1,250.00	1,250.00	3,600.00
Software/Comp/Web Mt Exp	4,740.96	4,740.96	61,300.00
Meetings	30.34	30.34	1,500.00
Board Development	0.00	0.00	1,500.00
Staff Training	0.00	0.00	2,000.00
Conference and Travel	0.00	0.00	2,000.00
Furniture and Equipment	0.00	0.00	5,000.00
Other Expense	163.95	163.95	1,400.00
<b>Total Expenses</b>	<b>29,091.14</b>	<b>29,091.14</b>	<b>442,231.00</b>
<b>Net Activity</b>	<b>(19,567.49)</b>	<b>(19,567.49)</b>	<b>0.00</b>



	<b>July 31, 2023</b>
	<b><u>Current Balance</u></b>
<b><u>Cash Available Non-Endowed</u></b>	
American National Bank-Checking	\$ 264,026.79
Edward Jones-Certificate of Deposit 3.3% interest, matures 8/18/2025, balance as of 06/30/2023	\$ 107,192.82
American National Bank Plat. Money Market-non-endowed	
Administrative fund	\$ 499,681.73
Emergency fund	\$ 157,671.10
Temporary funds	\$ 119,650.57
Endowed funds - restricted	\$ 1,437,668.80
Endowed funds - unrestricted	\$ 610,387.53
First Citizens Credit Card Checking	\$ 3,983.86
<b>Total Non-Endowed Cash Available</b>	<b>\$ 3,200,263.20</b>

	<b><u>Current Balance</u></b>
<b><u>Cash Available Endowed</u></b>	
American National Bank-Endowed Money Market	\$ 874,828.42
AMNB Investment Management Account Cash & Equivalents	\$ 195,712.70
AMNB Peregrine Custody Account	\$ 10,456.84
BOA Trust Cash/Currency cash balance	\$ 51,744.98
<b>Total Endowed Cash Available</b>	<b>\$ 1,132,742.94</b>

**Estimated Endowed Upcoming Cash Needs**

September - quarterly grants	\$ 195,000.00
October - quarterly fees	\$ 120,000.00
<b>Total Endowed Upcoming Cash Needs by September 30</b>	<b>\$ 315,000.00</b>

**The Community Foundation of the Dan River Region  
Investment Fee Comparison  
As of June 30, 2023**

	<u>Investment Value at 6.30.23</u>	<u>Fee as % of FMV</u>	<u>unaudited FYE 6.30.23</u>	<u>FYE 6.30.22</u>	<u>FYE 6.30.21</u>	<u>FYE 6.30.20</u>
American Funds	4,613,755.67	-	-	-	-	-
American National	5,813,509.49	0.40%	23,183.81	23,446.87	18,050.95	19,796.80
American National Peregrine	1,317,833.00	0.32%	3,254.20	4,157.67	4,025.52	1,665.99
ASB Allegiance Real Estate	1,683,669.04	1.21%	18,515.81	20,334.52	19,280.59	14,291.00
BOA/US Trust	2,032,840.65	0.82%	15,305.65	16,584.60	15,134.33	13,283.72
Boyd Watterson	1,566,406.00	0.00%	-	-	-	-
Dover St. Cayman	918,894.00 *	3.15%	33,430.00	28,987.00	27,963.00	32,775.00
John Hancock	954,073.18	0.00%	-	-	-	-
MA Res. Fund 1	5,390.16	26.98%	697.94	1,454.01	1,292.74	2,271.29
MA Res. Fund 2	352,023.14 *	1.22%	2,945.56	4,310.95	4,387.78	4,507.53
MREP 2008 Distressed	-	0.00%	13.44	53.86	53.65	57.54
Private Advisors	-	0.00%	-	177.00	1,268.00	1,499.00
TIFF Sec. Partners	13,876.00 *	7.86%	1,076.00	1,091.00	1,103.00	1,152.00
Vanguard	27,273,120.68	0.00%	-	-	-	-
Subtotal	<u>46,545,391.01</u>		<u>98,422.41</u>	<u>100,597.48</u>	<u>92,559.56</u>	<u>91,299.87</u>
Dahab fee			30,133.51	33,159.40	27,091.53	25,497.66
Peregrine fee			6,227.12	9,285.29	8,513.51	484.04
<b>Agrees to general ledger</b>			<u><u>134,783.04</u></u>	<u><u>143,042.17</u></u>	<u><u>128,164.60</u></u>	<u><u>117,281.57</u></u>

\* - value at 3.31.23

Dahab and Peregrine are paid quarterly by check

All other accounts are drawn directly out of the respective investment account and reported on the statement provided

Investment	June 30, 2023		Changes + Marshall Funds rec in July	New Value	New %	Current Target	Current Variance	Proposed Target Inv Levels	Variance to current level	Proposed Chg in Target	Comments
	Value	% total									
Large Cap Equity	10,444,879	23.5%	2,000,000	12,444,879	24.6%	20%	4.6%	25.0%	-0.4%	5.0%	Both Large Cap and Mid Cap are doing well  very volatile - China is largest component - need to reduce exposure unavailability to private equity
Mid Cap Equity	8,270,271	18.6%	2,000,000	10,270,271	20.3%	15%	5.3%	20.0%	0.3%	5.0%	
Small Cap	5,661,793	12.8%	-	5,661,793	11.2%	10%	1.2%	10.0%	1.2%	-	
Int'l Equity	9,400,422	21.2%	-	9,400,422	18.6%	20%	-1.4%	20.0%	-1.4%	-	
Emerging Markets	1,589,358	3.6%	-	1,589,358	3.1%	10%	-6.9%	5.0%	-1.9%	-5.0%	
Private Equity	932,770	2.1%	-	932,770	1.8%	10%	-8.2%	5.0%	-3.2%	-5.0%	
Hedge Funds	-	0.0%	-	-	0.0%	0%	0.0%	0.0%	0.0%	-	
Commodity	357,412	0.8%	-	357,412	0.7%	0%	0.7%	0.0%	0.7%	-	
Real Estate	3,250,075	7.3%	-	3,250,075	6.4%	5%	1.4%	5.0%	1.4%	-	
Fixed Income	5,113,558	11.5%	-	5,113,558	10.1%	10%	0.1%	10.0%	0.1%	-	
Cash	1,550,505	3.5%	-	1,550,505	3.1%	0%	3.1%	0.0%	3.1%	-	
	46,571,043			50,571,043	100%	100%		100%			



## **Distribution Committee Report September 25, 2023**

The Competitive Grant Cycle Request for Proposals generated 72 grant applications, with a total of \$1,751,923.54 in funds requested. Our Admin team disqualified one incomplete application, reducing the total amount of funds requested to \$1,741,923.54. The Distribution Committee met on September 20 regarding the remaining 71 applications for the grant cycle.

**Need one Board motion to approve all of the following quarterly grants with a grand total of: \$194,332.80**

### **Donor Advised:**

#### **❖ Collins ‘Great Outdoor’ Fund - \$5,700**

- Southside Area Tennis Association – \$3,000 – to sponsor 2023 Fall Tennis League shirts
- St. Francis Episcopal Church – \$1,200 – to maintain church garden
- Town of Chatham – \$1,500 – to support the installation of a playground set in Frances Hurt Park

#### **❖ Dan River Inc. Endowment Fund –\$150,845**

- United Way of Danville-Pittsylvania County - \$87,345 - unrestricted
- Averett University - \$25,000 - to support the entrance fund
- Averett University - \$2,000 – to support the college fund
- Averett University - \$8,500 – to support the BSN student nursing scholarships
- Averett University - \$5,000 – to support the online program
- Danville Community College - \$1,000 – to support the golf tournament
- Danville Community College - \$7,000 – to support the nursing program
- Danville Community College - \$2,000 – to support the DCC workforce success student career coaches
- Danville Community College - \$500 – Knights to the Rescue
- Danville Museum of Fine Arts and History - \$2,500 – unrestricted
- Danville Symphony Orchestra - \$1,500 – unrestricted
- God’s Storehouse - \$3,000 – unrestricted
- House of Hope - \$3,500 – unrestricted
- God’s Pit Crew - \$2,000 – to support hurricane relief

❖ **Gary A. and Sherry M. Carroll “Good for Youth” Fund - \$452**

- North Main Baptist Church - \$646 – to support youth camps

❖ **The Wednesday Club Endowment Fund - \$646**

- Literacy Council of Danville-Project Literacy - \$646 - unrestricted

**Designated:**

❖ **James L. Clark and Henrietta Clark Fund – \$5,539**

- Danville Life Saving Crew and Rescue Squad – \$2,769.50 - unrestricted
- Moffett Memorial Baptist Church – \$2,769.50 – unrestricted

❖ **Eugene Evans Library Fund - \$2,068**

- Danville Public Library - \$2,068 – unrestricted

❖ **Juanita G. "Nita" Grant Fund - \$2,784**

- Averett University - \$1,392 – to benefit scholarships for students
- First Baptist Church of Danville Endowment Fund - \$1,392 – to benefit the First Baptist Church of Danville Endowment Fund

❖ **Alma Courtney “Sigie” Perkinson Rose Fund - \$3,481**

- Garden Club of Danville - \$3,481 - annual grant to maintain the Perkinson Rose Garden

❖ **Rippe Fund for Temple Beth Sholom - \$496**

- Temple Beth Sholom – \$496 – to support the needs of the building and/or the congregation

❖ **Riverview Rotary Endowment Fund - \$2,293**

- Riverview Rotary Foundation – \$2,293 – unrestricted

❖ **Pittsylvania Animal Shelter Fund - \$5,367.81**

- Pittsylvania Pet Center - \$5,367.81 – to support modifications to the shelter and grounds for improvements not funded by the County or other governmental or private agencies, to promote animal care, shelter cleanliness, adoption of the maximum number of animals, and general operation of the shelter, where other funding is not available from government or other private sources, as determined by County officials

❖ **Caswell Family Medical Center Endowment Fund - \$8,166**

- Compassion Health Care - \$210 – unrestricted from individual fund
- Compassion Health Care - \$7,956 – unrestricted from agency fund

❖ **Danville Museum of Fine Arts and History Endowment Fund - \$389**

- Danville Museum of Fine Arts and History - \$6 – unrestricted from individual fund

- Danville Museum of Fine Arts and History - \$383 – unrestricted from agency fund

**Field of Interest:**

❖ **Hart Street Fund - \$419**

- Children's Home Society of Virginia - \$419 – to aid foster children in the transition as they age out of the system (The Possibilities Project)

❖ **Hospice Support Services Fund - \$5,867**

- Southern Area Agency on Aging - \$5,867 – to provide assistance with expenses not covered by insurance to Danville-Pittsylvania residents who have elected hospice benefits

**TOTAL for Recommended Grants: \$194,332.80**