

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Foundation of the Virgin Islands, Inc.
St. Thomas, U.S. Virgin Islands

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Foundation of the Virgin Islands, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Virgin Islands, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting describe in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Naples, Florida
November 30, 2023

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash and Cash Equivalents	\$ 2,369,185
Investments	12,506,499
Unconditional Promises to Give	38,055
Prepaid Expenses and Other Assets	<u>9,709</u>
Total Assets	<u><u>\$ 14,923,448</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 47,020
Accrued Expenses	<u>2,141</u>
Total Liabilities	49,161

NET ASSETS

Without Donor Restrictions:	7,850,190
With Donor Restrictions	<u>7,024,097</u>
Total Net Assets	<u><u>14,874,287</u></u>
Total Liabilities and Net Assets	<u><u>\$ 14,923,448</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Grants and Contributions	\$ 1,633,583	\$ 1,460,433	\$ 3,094,016
Investment Income, Net	<u>(1,794,188)</u>	<u>(903,350)</u>	<u>(2,697,538)</u>
Subtotal	(160,605)	557,083	396,478
Net Assets Released from Restrictions	<u>2,148,312</u>	<u>(2,148,312)</u>	<u>-</u>
Total Revenue, Support, and Gains	1,987,707	(1,591,229)	396,478
FUNCTIONAL EXPENSES			
Program Services Expense:			
Education	406,092	-	406,092
Community	989,524	-	989,524
Children, Youth, and Families	454,574	-	454,574
Early Childhood	27,268	-	27,268
Health and Human Services	813,223	-	813,223
Disaster Recovery Assistance	66,264	-	66,264
Environmental	<u>112,157</u>	<u>-</u>	<u>112,157</u>
Total Program Expenses	2,869,102	-	2,869,102
Supporting Services Expense:			
Management and General	583,542	-	583,542
Fundraising	<u>129,546</u>	<u>-</u>	<u>129,546</u>
Total Supporting Services Expenses	<u>713,088</u>	<u>-</u>	<u>713,088</u>
Total Functional Expenses	<u>3,582,190</u>	<u>-</u>	<u>3,582,190</u>
CHANGE IN NET ASSETS	(1,594,483)	(1,591,229)	(3,185,712)
Net Assets - Beginning of Year	<u>9,444,673</u>	<u>8,615,326</u>	<u>18,059,999</u>
NET ASSETS - END OF YEAR	<u>\$ 7,850,190</u>	<u>\$ 7,024,097</u>	<u>\$ 14,874,287</u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services							Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses	Total Supporting Services	Total Expenses
	Education	Community	Children, Youth and Families	Early Childhood	Health and Human Services	Recovery Assistance	Environmental						
Grants, Awards, and Scholarships	\$ 287,911	\$ 609,804	\$ 403,683	\$ 10,000	\$ 747,655	\$ 20,000	\$ 81,684	\$ 2,160,737	\$ 48,220	\$ 250	\$ 10	\$ 48,480	\$ 2,209,217
Community Initiatives	38,837	173,131	-	2,872	4,304	-	1,029	220,173	-	-	-	-	220,173
Salaries, Payroll Taxes, and Fringe Benefits	76,203	94,133	49,308	13,448	44,825	44,825	22,413	345,155	-	304,812	67,238	372,050	717,205
Conferences, Conventions, and Meetings	-	10,757	-	516	-	-	-	11,273	-	6,677	-	6,677	17,950
Professional Services	-	82,038	-	-	15,000	-	5,954	102,992	-	41,760	-	41,760	144,752
Occupancy, Office, and Technical Expense	2,446	19,250	1,583	432	1,439	1,439	719	27,308	-	81,802	2,158	83,960	111,268
Other	695	411	-	-	-	-	358	1,464	55,887	44,134	60,140	160,161	161,625
Total Expenses by Function	\$ 406,092	\$ 989,524	\$ 454,574	\$ 27,268	\$ 813,223	\$ 66,264	\$ 112,157	\$ 2,869,102	\$ 104,107	\$ 479,435	\$ 129,546	\$ 713,088	\$ 3,582,190

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (3,185,712)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Donated Securities	(562,613)
Gain on Sale of Investments	(631,174)
Net Depreciation (Appreciation) in Fair Value of Investments	3,813,341
(Increase) Decrease in:	
Unconditional Promises to Give	(36,000)
Prepaid Expenses	(5,655)
Increase (Decrease) in:	
Accounts Payable and Other Liabilities	514
Net Cash Used by Operating Activities	(607,299)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	7,869,023
Purchase of Investments	(8,159,896)
Net Cash Used by Investing Activities	(290,873)

NET CHANGE IN CASH AND CASH EQUIVALENTS

(898,172)

Cash and Cash Equivalents - Beginning of Year

3,267,357

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,369,185

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 ORGANIZATION

Community Foundation of the Virgin Islands, Inc. (the "Foundation") is a tax exempt publicly supported charitable foundation. The assets of the Foundation are devoted to charitable uses of a public nature benefiting primarily the residents of the U.S. Virgin Islands ("USVI"). The Foundation's principal source of revenue is charitable contributions. The Foundation's work focuses on services embracing:

Education – Educational program services provide scholarships to students demonstrating academic excellence and financial need and support a range of projects and programs which enhance and support academic success, schools, educators, and education enrichment.

Community – Community program services support territorial not-for-profits and initiatives engaged principally in improving the lives of residents of the USVI and provide capacity support in areas such as financial management, fund raising, board development and communications.

Children, Youth and Families – Under this program service function, the Foundation supports a range of inhouse programs as well as community-initiated projects aimed at enhancing the lives of children and families. Projects and programs supported endeavor to provide data to advocate on behalf of children, youth and families on the islands of St. Thomas, St. Croix, and St. John, support initiatives to foster the family unit, provide grants in time of crisis, and engage the youth of the USVI in volunteerism.

Early Childhood – The Foundation's early childhood programs direct efforts to strengthen the quality of early childhood care and enrichment experiences for young children in the USVI.

Environmental – The Foundation's assistance in meeting the challenges of protecting, conserving, and sustainably managing small island environments and eco-systems.

Health and Human Services – The Foundation's program services in this field provide support for health-related needs of Virgin Islanders, including financial assistance for medical care to residents with cancer and other life-threatening illnesses, as well as financial support for vulnerable USVI residents and families.

CFVI Capacity – Support provided by donors from named funds at the Foundation to support the Foundation's overall operations, capacity, and building programs in the community.

Recovery Assistance – Recovery assistance program services provide assistance to Virgin Islanders impacted by natural disasters to support efforts to build forward as needs arise in the aftermath of natural disasters.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net Assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed purpose restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue is 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 restriction unless their use is restricted by explicit donor stipulation or by law.

Accounting Estimates

The presentation 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 as of the date of the statements of financial position, and revenue and expenses for the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the statements of cash flows. The Foundation maintains bank accounts with balances which, at times, may exceed federally insured limits. per FDIC, all deposit accounts, including checking and savings accounts, money market deposit account and certificates of deposit are standardly insured for up to \$250,000. The standard insurance coverage is per depositor, per insured bank. As of December 31, 2022, uninsured cash deposits amounts to approximately \$1,500,000.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Securities

Investments represent marketable equity securities, corporate and U.S. government bonds and notes, certificates of deposit, corporate and mutual funds. These securities are recorded at market value using quoted market prices. Unrealized gains and losses are reported in the statement of activities.

Investment income, net consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Realized capital gains and losses are determined under the specific identification basis and are recorded in the statement of activities.

The Foundation pools investments for general investment purposes. Investment income is divided among certain designated funds based upon an allocation method of computation.

Fair Value of Financial Instruments

The Foundation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. Accounting standards emphasize that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset or inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Foundation follows an accounting standard that allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value as permitted under this standard. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are met.

Functional Allocation of Expenses

Identifiable expenditures made in direct fulfillment of the Foundation's expressed goals are classified as program services. The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Certain operational expenses have been allocated among the programs and supporting services based upon management's estimate of the time employees spent working on the program or supporting services.

Income Taxes

The Internal Revenue Service (IRS) has determined the Foundation is exempt from income taxes under the provisions of IRC Section 501(c)(3). In addition, the Foundation has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these financial statements.

The Foundation is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in a Foundation's financial statements.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation determines if an arrangement is a lease at inception. As of December 31, 2022, the Foundation has not entered into any material leases. However, if an arrangement should be identified as a material lease, operating leases would be included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases would be included in right-of-use assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases will not be included as lease liabilities or ROU assets on the balance sheet.

Individual lease contracts may not provide information about the discount rate implicit in the lease. In these instances, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead will account for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 30, 2023, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation routinely monitors liquidity to meet its operating needs and other contractual commitments. The Foundation considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Foundation operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation's financial assets that are available within one year of the statements of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 2,369,185
Investments	12,506,499
Unconditional Promises to Give	<u>38,055</u>
Total Financial Assets	14,913,739
Less:	
Net Assets With Donor Restrictions:	(7,024,097)
Total	<u><u>\$ 7,889,642</u></u>

NOTE 4 INVESTMENT SECURITIES

Investment securities consisted of the following at December 31, 2022:

	Cost	Fair Market Value
Mutual Funds	\$ 12,067,209	\$ 12,074,513
Stocks	184,471	155,016
Corporate Bonds	<u>329,141</u>	<u>276,970</u>
Total	<u><u>\$ 12,580,821</u></u>	<u><u>\$ 12,506,499</u></u>

The Foundation has adopted an investment and spending policy for non-endowed and endowed assets that attempts to give long-term stability to its investments by protecting principal and ensuring its growth in order to sustain its purchasing power against the rate of inflation over time. The policy is also designed to ensure predictable cash flows in order to provide predictable outflows of expenditures for the Foundation's program services. The annual spending limit is independent of the investment income earned and thus may be more or less than the income earned by interest, dividends and capital appreciation in any one year. The spending policy will be monitored to assure that all endowment funds maintain or increase the real value of the endowment principal over the long term.

Investment income, net of fees, is comprised of the following for the year ended December 31, 2022:

Dividend and Interest Income	\$ 562,060
Investment Fees	(77,431)
Gain on Sale of Investments	631,174
Net Depreciation in Fair Value of Investments	<u>(3,813,341)</u>
Net Investment Loss	<u><u>\$ (2,697,538)</u></u>

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 INVESTMENT SECURITIES (CONTINUED)

The following tabulations summarize unrealized and realized gains and losses for the year ended December 31, 2022:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess (Deficit) of Fair Value Over Cost</u>
Balance - December 31, 2021	\$ 11,096,717	\$ 14,835,736	\$ 3,739,019
Balance -December 31, 2022	12,580,821	12,506,499	(74,322)
Net Depreciation in Fair Value of Investments			(3,813,341)
Net Realized Gain on Sale of Investments			631,174
Total			<u>\$ (3,182,167)</u>

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 2 – Summary of Significant Accounting Policies. The following tables present the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Mutual Funds	\$ 12,074,513	\$ -	\$ -	\$ 12,074,513
Stock	155,016	-	-	155,016
Corporate Bonds	-	276,970	-	276,970
Total Investments	<u>\$ 12,229,529</u>	<u>\$ 276,970</u>	<u>\$ -</u>	<u>\$ 12,506,499</u>

NOTE 6 NET ASSETS

As of December 31, 2022, net assets with donor restrictions consisted of the following:

Field of Interest	\$ 3,304,267
Programs	1,462,633
Scholarships	814,930
Fiscal Sponsorship	610,506
Bolt Nagi	312,337
Recovery Assistance	169,569
Grants	163,505
Agency	115,398
Judith A. Towle Environmental Studies	70,000
Other	952
Total Net Assets With Donor Restrictions	<u>\$ 7,024,097</u>

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 NET ASSETS (CONTINUED)

As of December 31, 2022, net assets without donor restrictions consisted of the following:

Net Assets Without Donor Restrictions	\$ 3,825,669
Donor Advised Funds	<u>4,024,521</u>
Total	<u><u>\$ 7,850,190</u></u>

NOTE 7 DEFINED CONTRIBUTION PLAN

The Foundation has a defined contribution plan that covers all eligible employees who have earned \$5,000 during any two preceding years and is reasonably expected to earn at least \$5,000 in the current year. The Foundation matches 100% of the participants' contributions up to 3%. Contributions charged to expense on the statements of activities for the years ended December 31, 2022, amounted to \$12,600.

NOTE 8 ENDOWMENT

The Foundation's endowment consists of two funds established primarily to provide funding for child advocacy, children and families and support for environmental activities and studies. As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Foundation has interpreted the 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 the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

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 purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 ENDOWMENT (CONTINUED)

- (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

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Net Assets With Donor Restrictions - Purpose	Net Assets With Donor Restrictions - Perpetual	Total
Endowment Net Assets - December 31, 2021	\$ 252,325	\$ 282,337	\$ 534,662
Investment Return:			
Investment Income	8,381	-	8,381
Unrealized (Loss)	(87,590)	-	(87,590)
Realized Gains	-	-	-
Investment Fees	(41,709)	-	(41,709)
Total Investment Return	(120,918)	-	(120,918)
Contributions	-	3,850	3,850
Transfers In (Out)	(16,500)	100,000	83,500
Amount Appropriated for Expenditures	250,930	(250,930)	-
Endowment Net Assets - December 31, 2022	<u>\$ 382,337</u>	<u>\$ 135,257</u>	<u>\$ 501,094</u>