

Community Foundation of the Virgin Islands, Inc.

FINANCIAL STATEMENTS

December 31, 2013 and 2012

Community Foundation of the Virgin Islands, Inc.

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Accounting Strategies Group, LLC

Certified Public Accountants

Jeanne Brennan Wiebracht, CPA
Julia Vargas, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Community Foundation of the Virgin Islands, Inc.

We have audited the accompanying financial statements of Community Foundation of the Virgin Islands, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes of net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Virgin Islands, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



St. Thomas, USVI
November 12, 2014

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Community Foundation of the Virgin Islands, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 201,616	\$ 251,271
INTEREST RECEIVABLE	39,363	17,910
UNCONDITIONAL PROMISES TO GIVE	78,842	105,019
GRANTS RECEIVABLE	-	45,166
INVESTMENTS, at fair market value	8,284,007	7,304,423
PROPERTY AND EQUIPMENT, net	3,697	2,108
OTHER ASSETS	3,811	5,744
Total assets	\$ <u>8,611,336</u>	\$ <u>7,731,641</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 3,679	\$ 8,992
Total liabilities	<u>3,679</u>	<u>8,992</u>
NET ASSETS		
UNRESTRICTED		
OPERATING FUNDS	2,603,140	2,315,044
DONOR ADVISED FUNDS	2,823,094	2,472,225
Total unrestricted net assets	<u>5,426,234</u>	<u>4,787,269</u>
TEMPORARILY RESTRICTED NET ASSETS	2,799,087	2,553,043
PERMANENTLY RESTRICTED NET ASSETS	382,337	382,337
Total net assets	<u>8,607,658</u>	<u>7,722,649</u>
Total liabilities and net assets	\$ <u>8,611,336</u>	\$ <u>7,731,641</u>

See accompanying notes to the financial statements.

Community Foundation of the Virgin Islands, Inc.

STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

Years ended December 31, 2013 and 2012

	2013				2012			
	UNRESTRICTED FUND	TEMPORARILY RESTRICTED FUND	PERMANENTLY RESTRICTED FUND	ALL FUNDS	UNRESTRICTED FUND	TEMPORARILY RESTRICTED FUND	PERMANENTLY RESTRICTED FUND	ALL FUNDS
Public support and revenues								
Grants and contributions	\$ 365,853	\$ 779,222	\$ -	\$ 1,145,074	\$ 409,214	\$ 540,907	\$ -	\$ 950,120
Fund contributions	275,463	992,463	-	1,267,925	126,274	866,610	-	992,883
Investment return	689,180	325,698	-	1,014,879	550,738	259,290	-	810,027
Donated services	7,740	5,744	-	13,484	42,565	2,872	-	45,437
Total public support and revenues	<u>1,338,236</u>	<u>2,103,127</u>	<u>-</u>	<u>3,441,363</u>	<u>1,128,790</u>	<u>1,669,678</u>	<u>-</u>	<u>2,798,468</u>
Program services expenses								
Education	583,721	-	-	583,721	555,208	-	-	555,208
Community	652,149	-	-	652,149	388,903	-	-	388,903
Children and families	164,855	-	-	164,855	175,195	-	-	175,195
Early childhood	583,087	-	-	583,087	411,676	-	-	411,676
Health	309,335	-	-	309,335	178,985	-	-	178,985
	<u>2,293,147</u>	<u>-</u>	<u>-</u>	<u>2,293,147</u>	<u>1,709,967</u>	<u>-</u>	<u>-</u>	<u>1,709,967</u>
Supporting services								
Community Foundation support	68,732	-	-	68,732	88,796	-	-	88,796
Management and general	111,255	-	-	111,255	114,421	-	-	114,421
Fundraising expenses	83,220	-	-	83,220	102,512	-	-	102,512
	<u>263,207</u>	<u>-</u>	<u>-</u>	<u>263,207</u>	<u>305,730</u>	<u>-</u>	<u>-</u>	<u>305,730</u>
Total program and supporting services	<u>2,556,354</u>	<u>-</u>	<u>-</u>	<u>2,556,354</u>	<u>2,015,696</u>	<u>-</u>	<u>-</u>	<u>2,015,696</u>
(Decrease)Increase in net assets	<u>(1,218,118)</u>	<u>2,103,127</u>	<u>-</u>	<u>885,008</u>	<u>(886,906)</u>	<u>1,669,678</u>	<u>-</u>	<u>782,772</u>
Net assets released resulting from satisfaction of donor restrictions	1,857,083	(1,857,083)	-	-	1,293,798	(1,293,798)	-	-
Net assets, beginning of year	<u>4,787,269</u>	<u>2,553,043</u>	<u>382,337</u>	<u>7,722,649</u>	<u>4,380,377</u>	<u>2,177,163</u>	<u>382,337</u>	<u>6,939,877</u>
Net assets, end of year	<u>\$ 5,426,234</u>	<u>\$ 2,799,087</u>	<u>\$ 382,337</u>	<u>\$ 8,607,658</u>	<u>\$ 4,787,269</u>	<u>\$ 2,553,043</u>	<u>\$ 382,337</u>	<u>\$ 7,722,649</u>

See accompanying notes to the financial statements.

Community Foundation of the Virgin Islands, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2013 and 2012

Cash flows from operating activities:	2013	2012
Increase in net assets	\$ 885,008	\$ 782,772
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation expense	1,661	1,908
Unrealized (gain)loss	(685,893)	(634,559)
Loss on sale of marketable securities	5,757	(3,916)
Donated securities	(39,273)	(17,479)
(Increase)Decrease in unconditional promises to give	26,176	(46,615)
(Increase)Decrease in grants receivable	45,166	(21,583)
(Increase)Decrease in accrued interest receivable	(21,453)	2,892
(Increase)Decrease in other assets	1,933	(2,708)
(Decrease)Increase in accounts payable and accrued expense	(5,313)	4,321
	(671,240)	(717,740)
Net cash provided by operating activities	213,769	65,032
Cash flows from investing activities:		
Purchase of marketable securities	(342,362)	(1,984,959)
Proceeds from sale of marketable securities	573,121	1,781,598
Net change in investment account cash equivalents	(490,933)	261,078
Purchase of office equipment	(3,250)	(1,513)
Net cash (used) provided by investing activities	(263,424)	56,204
Net (decrease) increase in cash	(49,655)	121,236
Cash and equivalents		
Cash, beginning of year	251,271	130,035
Cash, end of year	\$ 201,616	\$ 251,271

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

See accompanying notes to the financial statements.

Community Foundation of the Virgin Islands, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2013

	Program Services					Total Program Services	Supporting Services			Total
	Education	Community	Children and Families	Early Childhood	Health		CFVI Capacity	Management and General	Fundraising Expenses	
Operating										
Salaries	\$ 63,399	\$ 58,329	\$ 38,040	\$ 30,432	\$ 32,967	\$ 223,167	-	\$ 50,721	\$ 30,432	\$ 304,320
Fringe benefit	5,321	4,896	3,193	2,554	2,767	18,731	-	4,257	2,554	25,543
Professional fees	-	-	-	-	-	-	-	14,450	-	14,450
Payroll taxes	4,820	4,435	2,892	2,314	2,507	16,968	-	3,856	2,314	23,138
Donor development	-	-	-	-	-	-	-	-	24,879	24,879
Occupancy	3,242	2,983	1,945	1,556	1,686	11,413	-	2,594	1,556	15,563
Office expense and printing	1,326	1,220	796	637	690	4,669	-	1,061	637	6,366
Telephone	-	-	-	-	-	-	-	5,967	-	5,967
Insurance	-	-	-	-	-	-	-	5,007	-	5,007
Bank charges	-	-	-	-	-	-	-	5,626	-	5,626
Postage	260	239	156	125	135	914	-	208	125	1,247
Advertising	250	230	150	120	130	880	-	200	120	1,200
Internet	-	-	-	-	-	-	-	8,816	-	8,816
Depreciation expense	-	-	-	-	-	-	-	1,661	-	1,661
Repairs and maintenance	-	-	-	-	-	-	-	2,021	-	2,021
Dues and subscriptions	-	-	-	-	-	-	-	2,147	-	2,147
Meetings	-	-	-	-	-	-	-	1,241	-	1,241
Travel	-	-	-	-	-	-	-	267	-	267
Board expenses	-	-	-	-	-	-	-	606	-	606
Other	235	216	141	113	122	827	-	188	113	1,128
Security	-	-	-	-	-	-	-	360	-	360
	<u>78,854</u>	<u>72,548</u>	<u>47,313</u>	<u>37,851</u>	<u>41,003</u>	<u>277,569</u>	<u>-</u>	<u>111,255</u>	<u>62,730</u>	<u>451,554</u>
Program Services										
Grants and awards	108,103	295,433	38,782	4,470	225,470	672,258	68,732	-	-	740,990
Scholarship	194,890	-	-	-	-	194,890	-	-	-	194,890
Staffing	-	1,793	8,875	138,838	-	149,506	-	-	-	149,506
Occupancy	-	22,897	-	39,532	-	62,429	-	-	-	62,429
Workshops and meetings	131,774	39,379	4,344	72,563	5,599	253,659	-	-	-	253,659
Printing	495	1,762	14,323	44,745	-	61,326	-	-	-	61,326
Technical assistance	61,500	171,933	43,798	124,926	28,999	431,157	-	-	-	431,157
Conferences and travel	3,379	22,975	4,258	29,958	871	61,440	-	-	-	61,440
Special events	-	-	-	-	-	-	-	-	19,225	19,225
Equipment	-	-	780	-	-	780	-	-	-	780
Other	4,726	23,428	2,382	90,205	7,392	128,134	-	-	1,265	129,399
	<u>504,867</u>	<u>579,601</u>	<u>117,542</u>	<u>545,236</u>	<u>268,332</u>	<u>2,015,578</u>	<u>68,732</u>	<u>-</u>	<u>20,490</u>	<u>2,104,800</u>
	<u>\$ 583,721</u>	<u>\$ 652,149</u>	<u>\$ 164,855</u>	<u>\$ 583,087</u>	<u>\$ 309,335</u>	<u>\$ 2,293,147</u>	<u>\$ 68,732</u>	<u>\$ 111,255</u>	<u>\$ 83,220</u>	<u>\$ 2,556,354</u>

See accompanying notes to the financial statements.

Community Foundation of the Virgin Islands, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2012

	Program Services					Total Program Services	Supporting Services			Total
	Education	Community	Children and Families	Early Childhood	Health		CFVI Capacity	Management and General	Fundraising Expenses	
Operating										
Salaries	\$ 83,654	\$ 55,769	\$ 39,835	\$ 11,951	\$ 29,876	\$ 221,086	-	\$ 53,778	\$ 43,819	\$ 318,682
Fringe benefit	7,574	5,049	3,607	1,082	2,705	20,017	-	4,869	3,967	28,853
Professional fees	-	-	-	-	-	-	-	18,275	-	18,275
Payroll taxes	6,304	4,202	3,002	901	2,251	16,659	-	4,052	3,302	24,013
Donor development	-	-	-	-	-	-	-	-	25,714	25,714
Occupancy	4,490	2,994	2,138	641	1,604	11,868	-	2,887	2,352	17,106
Office expense and printing	6,312	4,208	3,006	902	2,254	16,682	-	4,058	3,306	24,046
Telephone	-	-	-	-	-	-	-	5,371	-	5,371
Insurance	-	-	-	-	-	-	-	5,699	-	5,699
Bank charges	-	-	-	-	-	-	-	4,449	-	4,449
Postage	514	342	245	73	183	1,358	-	330	269	1,957
Advertising	34	22	16	5	12	89	-	22	18	128
Internet	-	-	-	-	-	-	-	3,355	-	3,355
Depreciation expense	-	-	-	-	-	-	-	1,908	-	1,908
Repairs and maintenance	-	-	-	-	-	-	-	796	-	796
Dues and subscriptions	-	-	-	-	-	-	-	1,769	-	1,769
Meetings	-	-	-	-	-	-	-	1,597	-	1,597
Travel	-	-	-	-	-	-	-	420	-	420
Board expenses	-	-	-	-	-	-	-	432	-	432
Other	-	-	-	-	-	-	-	-	-	0
Security	-	-	-	-	-	-	-	355	-	355
	<u>108,881</u>	<u>72,588</u>	<u>51,848</u>	<u>15,554</u>	<u>38,886</u>	<u>287,758</u>	<u>-</u>	<u>114,421</u>	<u>82,747</u>	<u>484,926</u>
Program Services										
Grants and awards	86,774	180,710	57,298	5,564	140,024	470,370	88,796	-	-	559,166
Scholarship	243,942	-	-	-	-	243,942	-	-	-	243,942
Staffing	1,076	-	8,983	146,203	-	156,262	-	-	-	156,262
Occupancy	-	22,440	-	26,798	-	49,239	-	-	-	49,239
Workshops and meetings	82,972	39,144	9,624	36,394	-	168,133	-	-	-	168,133
Printing	886	2,515	6,214	10,070	-	19,685	-	-	-	19,685
Technical assistance	20,288	37,619	31,586	75,545	-	165,038	-	-	-	165,038
Conferences and travel	6,930	22,820	6,225	31,366	-	67,342	-	-	-	67,342
Special events	-	-	-	-	-	-	-	-	19,765	19,765
Equipment	750	-	1,220	680	-	2,650	-	-	-	2,650
Other	2,708	11,068	2,196	63,503	75	79,549	-	-	-	79,549
	<u>446,326</u>	<u>316,315</u>	<u>123,346</u>	<u>396,122</u>	<u>140,099</u>	<u>1,422,209</u>	<u>88,796</u>	<u>-</u>	<u>19,765</u>	<u>1,530,770</u>
	<u>\$ 555,208</u>	<u>\$ 388,903</u>	<u>\$ 175,195</u>	<u>\$ 411,676</u>	<u>\$ 178,985</u>	<u>\$ 1,709,967</u>	<u>\$ 88,796</u>	<u>\$ 114,421</u>	<u>\$ 102,512</u>	<u>\$ 2,015,696</u>

See accompanying notes to the financial statements.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Community Foundation of the Virgin Islands, Inc. (the Foundation) are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Nature of activities - Community Foundation of the Virgin Islands, Inc. is a tax exempt publicly supported charitable organization. The assets of the Foundation are devoted to charitable uses of a public nature primarily benefiting the residents of the U.S. Virgin Islands. The Foundation's principal source of revenue is charitable contributions. The Foundation's work focuses on services embracing children and families, community and education. Current programs include:

Education: The Foundation's main focus in the area of education is to provide scholarships to students with academic excellence and financial need.

Community: Technical Assistance to staff and board members of community not-for-profits, in areas such as financial management, fund raising, board development, communications and public relations. Mini-grants program of annual awards for local organizations and individuals working to improve the lives of children and families in the territory.

Children and families: The annual publication of a KIDS COUNT data report on the status of children and families in the USVI that analyzes challenges and trends and is used as a tool to advocate on behalf of children and families; Fatherhood Collaborative, an initiative which encourages responsible fatherhood through programs, presentations and fatherhood support groups; Rapid Response grants program to provide one-time emergency grants to families in crisis. Junior Angels program to introduce youth to the world of volunteerism and philanthropy.

Health: The Foundation's main focus in the area of health is to provide financial assistance to Virgin Islanders with cancer and other life threatening issues in need of necessary medical care.

Early Childhood: The Foundation's efforts to strengthen the community child care and early education infrastructure in the U. S. Virgin Islands by building awareness of the importance of early learning and development for success in life, and working with community agencies to promote quality care and education. The Foundation provides training programs and resources to child care providers, early education professionals and parents of young children.

CFVI Capacity: Support provided by donors from named Funds at the Foundation to support the Foundation's overall operations and programs in the community.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

Basis of presentation and accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the provisions of Financial Accounting Standards Board Codification Topics for Financial Statements of Not-for-Profit Organizations. Under these topics, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Cash and cash equivalents - The Foundation considers cash in operating bank accounts, money market and money fund accounts to be cash equivalents.

Investments - Mutual funds and equity securities are valued based upon the sales prices as quoted by major exchanges as reported by the brokerage house holding the securities. Fixed Incomes are generally valued based upon quoted market prices for brokers and dealers, which represent fair value, as reported by the brokerage house holding the securities. Short-term investments generally include money funds.

The cost of investments represents amounts paid for purchased securities or market values as of the date of the donation of contributed securities. Transactions are recorded on a trade date basis. Realized and unrealized appreciation (depreciation) on investments is determined by comparison of specific costs of acquisition to proceeds at the time of disposal, or market values at the last day of the fiscal year, respectively. Dividends and interest are recognized when earned.

The Foundation discloses assets and liabilities, recorded at fair value under the "fair value hierarchy". The fair value hierarchy defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP established a 3 level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value of investments at December 31, 2013 and 2012 are determined by reference to quotes in active markets (Level 1 inputs) and quoted market prices by brokers and dealers (Level 2 inputs).

The three levels of the fair value hierarchy are as follows: Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Level 2: Inputs other than quoted prices which are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Level 3: Inputs that are unobservable. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be market data which is readily available and reliable and provided by independent sources. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

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

Net asset classifications and Endowment - The Financial Accounting Standards issued Staff Position No. FAS-1, Endowments of Not for profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FAS 117-1). The position provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to and enacted version of the Uniform Prudent.

Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with the Territory of the United States Virgin Islands adoption of UPMIFA, the Foundation has adopted FAS 117-1. The Board of Directors, on advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the Governing Documents for the Foundation and most contributions are subject to the terms of the governing documents and specific agreements with the Foundation. 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 in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted funds are those which are currently restricted based on donor stipulation, but which will become unrestricted on the satisfaction of the restricted purpose, the passage of time or the occurrence of a certain event.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Investment and spending policy - 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 dollars to beneficiaries. The spending limit determines the annual amount made available from investment earnings from existing funds and new gifts. 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 Board of Directors must approve any deviation from the spending policy. 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.

Taxes - The Foundation is recognized as a public charity and is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. The Foundation is classified under Section 509(a) (1) of the Internal Revenue Code. The Foundation accounts for uncertain tax position when it is more likely than not that such an asset or a liability will be realized. As of December 31, 2013 management believes there were no uncertain tax positions. The Foundation return generally remain open to examination for a period of 3 years.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

Revenues and expenses - Contributions and bequests are recorded at fair value on the date of contribution. Distributions to grantees are recognized at the earlier of the time paid or when a legal commitment is incurred.

Estimates, Risk and Uncertainties - The Foundation uses estimates in preparing the financial statements which require management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities at the date of the Statements of Financial Position and the reported amounts of income and expenditures during the reporting period. Actual results may differ from these estimates.

Functional Allocation of Expenditures - The cost of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is based primarily on employee time incurred in each respective functional expense area.

Vacation and Sick Leave - The Foundation's policy allows employees to carry 50% of vacation hours to a maximum of 80 hours and sick hours to a maximum of 120 hours.

NOTE B- UNCONDITIONAL PROMISES TO GIVE

Contributions are recognized as revenues in the period received. Unconditional promises to give, scheduled to be received after the balance sheet date are recorded as receivable as of December 31, 2013 and 2012. Temporarily restricted net assets are reclassified to unrestricted net assets when the related purpose and/or time restrictions are met.

NOTE C- CONCENTRATION OF FINANCIAL RISK

Instruments that potentially expose the Foundation to concentrations of credit risk include cash, cash equivalents, money market funds, certificates of deposits, bank accounts, and investments held at brokerage houses. FDIC insurance coverage is \$250,000 per depositor. Brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including up to a maximum of \$250,000 for cash. The Foundation maintains cash balances at two commercial banks and a brokerage house. As of December 31, 2013 the cash balances and investments held at a brokerage house exceeded coverage.

NOTE D- PROPERTY AND EQUIPMENT

As of December 31, 2013 and 2012 property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 19,315	\$19,315
Equipment	\$ 46,842	\$43,598
	\$ 62,907	\$62,908
Less: Allowance for depreciation	\$ 62,460	\$60,800
	<u>\$ 3,697</u>	<u>\$ 2,108</u>

Property and equipment are stated at cost. Depreciation has been provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE E - PROMISSORY NOTE RECEIVABLE

In prior years the Foundation received a contribution as a component of a grant agreement which assigned to the Foundation the rights, title and interest in a promissory note with a face amount of \$1,218,750 from a U.S. Virgin Islands limited liability company. The principal amount of the note as of December 31, 2013 and 2012 is \$1,046,366. The note bears interest at a rate of 5 % per annum. The principal balance, together with any unpaid interest thereon, is due and payable upon demand. Financial Accounting Standards Board Codification Topics generally requires measuring contributions received at the fair value of the assets, and specifically, the fair value of a noncash asset expected to be collected in more than one year should be based on the present value of the expected fair value of the underlying noncash assets that the organization expected to receive. The Foundation expects the terms of the promissory note to be honored, however, management has not obtained a valuation to determine the expected fair value and, as such, has elected to record the promissory note at a nominal amount of \$1. This amount has been included in Unconditional Promises to Give. The Foundation records principal and interest payments as contributions in the year of receipt. For the year ended December 31, 2013 the Foundation earned interest in accordance with the terms of the note of \$52,318 (2012 - \$52,318). As of December 31, 2013 \$26,159 of interest earned is due on the note this amount has been included as a component of interest receivable.

NOTE F - INVESTMENTS

Investments held consist of the following as of December 31:

	2013		2012	
	Fair value	Cost	Fair value	Cost
Money funds	\$ 1,510,609	\$ 1,510,609	\$ 1,014,969	\$ 1,014,969
Mutual Funds	4,378,924	3,430,000	3,550,845	3,430,000
Exch traded & closed end funds	519,293	529,391	-	-
Common Stock	-	-	402,700	398,283
Preferred Stocks	173,500	219,569	215,438	219,569
Fixed incomes				
Certificates of Deposit	169,885	170,000	469,479	468,271
International Bonds	-	-		
Corporate Bonds	1,440,410	1,465,774	1,552,611	1,501,805
Government Bonds	91,386	100,250	98,380	100,245
Investments, at fair value	<u>\$ 8,284,007</u>	<u>\$ 7,425,594</u>	<u>\$ 7,304,423</u>	<u>\$ 7,133,142</u>

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

The classification of investments by level within the valuation hierarchy as of December 31, 2013 is as follows:

	Quoted Prices (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Money funds	\$ 1,510,609			\$ 1,510,609
Mutual Funds	4,378,924			\$ 4,378,924
Exch traded & closed end funds	519,293			\$ 519,293
	-			\$ -
Preferred Stocks	173,500			\$ 173,500
Certificates of Deposit	169,885			\$ 169,885
International Bonds		-		\$ -
Corporate Bonds		1,440,410		\$ 1,440,410
Government Bonds		91,386		\$ 91,386
Investments, at fair value	<u>\$ 6,752,210</u>	<u>\$ 1,531,796</u>	<u>\$ -</u>	<u>\$ 8,284,007</u>

The classification of investments by level within the valuation hierarchy as of December 31, 2012 is as follows:

	Quoted Prices (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Money funds	\$ 1,014,969			\$ 1,014,969
Mutual Funds	\$ 3,550,845			3,550,845
Exch. traded & closed end funds	\$ -			-
Common Stock	\$ 402,700			402,700
Preferred Stocks	\$ 215,438			215,438
Certificates of Deposit	\$ 469,479			469,479
International Bonds		\$ -		-
Corporate Bonds		\$ 1,552,611		1,552,611
Municipal Bonds		\$ 98,380		98,380
Investments, at fair value	<u>\$ 5,653,432</u>	<u>\$ 1,650,991</u>	<u>\$ -</u>	<u>\$ 7,304,423</u>

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

Investment income (loss) is comprised of the following for the years ended December 31,

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 334,743	\$171,552
(Loss)Gain on sale of investments	(5,751)	3,916
Unrealized appreciation(depreciation)	<u>685,893</u>	<u>634,559</u>
Total investment income	<u>\$1,014,879</u>	<u>\$ 810,027</u>

NOTE G -NET ASSETS

The Foundation has identified its net assets as follows .As of December 31, 2013 and 2012, permanently restricted net asset balances consisted of the following:

	<u>2013</u>	<u>2012</u>
Children's Trust of the Virgin Islands	\$212,337	\$212,337
Nigel O. Hodge Foundation	100,000	100,000
Judith A. Towle Environmental Studies	<u>70,000</u>	<u>70,000</u>
	<u>\$382,337</u>	<u>\$382,337</u>

As of December 31, 2013 and 2012, temporarily restricted net asset balances consisted of the following:

Scholarships - Represents funds which are individually identified as programs which may be distributed for scholarships

Programs-Represents funds which are donated to be used in established programs at the Foundation to include: Community Service Fund, Dictionary Project, The Family Connection, Laws of Life, Rapid Response, Senior Citizen Assistance, and Next Generation Scholars.

Field of interest-Represents funds which are individually identified, grants from which may be distributed to a specific field in accordance with donor's intent.

Agency-Represents funds which are received and distributed under agency arrangements.

<u>Description</u>	<u>2013</u>	<u>2012</u>
Scholarship	491,049	419,908
Programs	1,155,441	1,058,034
Grants	51,340	62,269
Field of Interest	1,006,619	877,973
Agency	29,028	39,933
Fiscal sponsorship	47,368	67,187
Other	<u>22,723</u>	<u>20,740</u>
	<u>\$2,799,086</u>	<u>\$2,553,043</u>

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

As of December 31, 2013 and 2012, unrestricted net asset balances consisted of the following:

	<u>2013</u>	<u>2012</u>
Operating funds	\$2,603,140	\$2,315,044
Donor advised funds	<u>2,823,094</u>	<u>2,472,255</u>
	<u>\$5,426,234</u>	<u>\$4,787,269</u>

Donor advised - Represents funds which are individually identified for which the donor has reserved the right to make non-binding grant recommendations to the Board.

Certain Board of Director designated restriction had been placed on unrestricted net assets. In accordance with FASB Statement No. 117 *Financial Statements of Not-For-Profit Organizations*, net assets with Board of Director restrictions are accounted for in the unrestricted fund.

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the value of the initial and subsequent donor gift amounts (underwater). When underwater donor-restricted funds exist, they are classified as a reduction of unrestricted net assets. These deficits are from unfavorable market fluctuations that occurred shortly after the authorized appropriation that was deemed prudent. Deficits of this nature are reported in unrestricted net assets as of December 31, 2012 and 2011.

NOTE H - PENSION EXPENSE

The Foundation sponsors a simple IRA plan. The plan calls for a Foundation matching contribution equal to 100% of employee's elective deferral which does not exceed 3 % of employee compensation. Contributions charged to expense on the statement of activities for the year ended December 31, 2013 are \$10,070 (2012 - \$8,030).

NOTE I- DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November , 2014 the date that the financial statements were available to be issued.

NOTE J - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments: Cash, cash equivalents, unconditional promises to give, grants receivable, and accounts payable. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments. Investments: The fair values of investments are based on GAAP established 3-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE K - DONATED SERVICES, MATERIALS AND FACILITIES

The Foundation received donated services from a variety of unpaid volunteers, assisting in the Foundation's children and families and educational programs. No amounts have been recognized in the accompanying statements of activities for these donated services because the criteria for recognition of such volunteer effort under Financial Accounting Standards Board Codification Topics on contributions have not been satisfied. The Foundation leases its facilities under an agreement which calls for a nominal monthly fee. The landlord estimates the fair value of the fee to be \$500 per month. The annual rental fee is included in contributions and expenses in the statements of activities. Donated internet services are recorded at estimated fair market value are included in contributions and expenses in the Statements of Activities. The total temporarily restricted in-kind services of for fiscal year 2013 are \$5,744 (\$2,872-2012) are included in contributions and expense in the Statement of Activities.

NOTE L - ENDOWMENT

The Foundation's endowment consists of three funds established primarily to provide funding for child advocacy, children and families with critical illnesses and support for environmental activities and studies. The Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. Investment income from investment of the permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

Changes in Endowment net assets, for the year ended December 31, 2013.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ -	\$ 136,159	\$382,337	\$518,496
Interest and dividends	-	10,239	-	10,239
Net appreciation	-	54,575	-	54,575
Contributions	-	6,421	-	6,421
Amounts appropriated for expenditures and other charges	<u>-</u>	<u>(14,815)</u>	<u>-</u>	<u>(14,815)</u>
Changes in endowment net assets	<u>-</u>	<u>56,420</u>	<u>-</u>	<u>56,420</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$192,579</u>	<u>\$382,337</u>	<u>\$574,916</u>

Community Foundation of the Virgin Islands, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net asset by type of fund				
Donor designated endowment funds	\$ -	\$192,579	\$382,337	\$574,916
Other endowment funds	-	-	-	-
Board designated endowment funds	-	-	-	-
Total endowment funds	<u>\$ -</u>	<u>\$192,579</u>	<u>\$382,337</u>	<u>\$574,916</u>

Changes in Endowment net assets for the year ended December 31, 2012.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ -	\$ 84,468	\$382,337	\$466,804
Interest and dividends	-	11,067	-	11,067
Net appreciation	-	41,768	-	41,768
Contributions	-	7,121	-	7,121
Amounts appropriated for expenditures and other charges	<u>-</u>	<u>(8,264)</u>	<u>-</u>	<u>(8,264)</u>
Changes in endowment net assets	<u>-</u>	<u>51,691</u>	<u>-</u>	<u>51,691</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$136,159</u>	<u>\$382,337</u>	<u>\$518,496</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net asset by type of fund				
Donor designated endowment funds	\$ -	\$136,159	\$382,337	\$518,496
Total Endowment Funds	<u>\$ -</u>	<u>\$136,159</u>	<u>\$382,337</u>	<u>\$518,496</u>