

**COMMUNITY FOUNDATION OF
THE VIRGIN ISLANDS, INC.**

***INDEPENDENT AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS***

December 31, 2019 and 2018

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
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DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Community Foundation of the Virgin Islands, Inc. (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2019, and 2018, and the related statements of activities and changes in 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal controls 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 purposes 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.



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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of the Virgin Islands, Inc. as of December 31, 2019 and 2018, and its activities and changes in its net assets, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in March 2020, the World Health Organization has declared COVID-19 a global pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

BDO USVI, LLC

Certified Public Accountants

October 7, 2020
St. Thomas, US Virgin Islands

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 4,833,106	\$ 4,205,952
Investments, at fair value	12,765,249	12,171,889
Unconditional promises to give	482,181	90,138
Interest receivable	2,965	4,991
Leasehold improvements and equipment, net	436	436
Other assets	<u>7,645</u>	<u>6,428</u>
Total assets	<u>\$ 18,091,582</u>	<u>\$ 16,479,834</u>
LIABILITIES AND NET ASSETS		
LIABILITIES -		
Accounts payable and accrued expenses	<u>\$ 24,858</u>	<u>\$ 306,652</u>
NET ASSETS:		
Without donor restrictions	7,722,811	6,214,662
With donor restrictions	<u>10,343,913</u>	<u>9,958,520</u>
Total net assets	<u>18,066,724</u>	<u>16,173,182</u>
Total liabilities and net assets	<u>\$ 18,091,582</u>	<u>\$ 16,479,834</u>

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues, gains and other public support:			
Grants and contributions	\$ 1,089,080	\$ 4,011,691	\$ 5,100,771
Investments return	1,419,472	1,099,946	2,519,418
Net assets released from program restrictions	<u>4,726,244</u>	<u>(4,726,244)</u>	-
Total public support and revenues	<u>7,234,796</u>	<u>385,393</u>	<u>7,620,189</u>
Expenses:			
Program services:			
Education	561,295	-	561,295
Community	1,212,754	-	1,212,754
Children, youth and families	116,694	-	116,694
Early childhood	58,416	-	58,416
Health	400,602	-	400,602
Environmental	9,199	-	9,199
Disaster recovery assistance	<u>2,912,320</u>	-	<u>2,912,320</u>
Total program services	<u>5,271,280</u>	<u>-</u>	<u>5,271,280</u>
Supporting services:			
Community Foundation support	54,190	-	54,190
Management and general	328,503	-	328,503
Fundraising expenses	<u>72,674</u>	-	<u>72,674</u>
Total supporting services	<u>455,367</u>	<u>-</u>	<u>455,367</u>
Total expenses	<u>5,726,647</u>	<u>-</u>	<u>5,726,647</u>
Change in net assets	\$ 1,508,149	\$ 385,393	\$ 1,893,542
Net assets, beginning of year	<u>6,214,662</u>	<u>9,958,520</u>	<u>16,173,182</u>
Net assets, end of year	<u>\$ 7,722,811</u>	<u>\$ 10,343,913</u>	<u>\$ 18,066,724</u>

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues, gains and other public support:			
Grants and contributions	\$ 993,940	\$ 4,901,381	\$ 5,895,321
Investments losses	(504,054)	(304,740)	(808,794)
Net assets released from program restrictions	11,184,011	(11,184,011)	-
Total public support and revenues	<u>11,673,897</u>	<u>(6,587,370)</u>	<u>5,086,527</u>
Expenses:			
Program services:			
Education	742,934	-	742,934
Community	1,079,535	-	1,079,535
Children, youth and families	177,670	-	177,670
Early childhood	88,016	-	88,016
Health	681,259	-	681,259
Environmental	-	-	-
Disaster recovery assistance	9,064,534	-	9,064,534
Total program services	<u>11,833,948</u>	<u>-</u>	<u>11,833,948</u>
Supporting services:			
Community Foundation support	54,380	-	54,380
Management and general	341,253	-	341,253
Fundraising expenses	54,769	-	54,769
Total supporting services	<u>450,402</u>	<u>-</u>	<u>450,402</u>
Total expenses	<u>12,284,350</u>	<u>-</u>	<u>12,284,350</u>
Change in net assets	\$ (610,453)	\$ (6,587,370)	\$ (7,197,823)
Net assets, beginning of year	6,825,115	16,545,890	23,371,005
Net assets, end of year	<u>\$ 6,214,662</u>	<u>\$ 9,958,520</u>	<u>\$ 16,173,182</u>

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

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS USED IN OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 1,893,542	\$ (7,197,823)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET		
CASH USED IN OPERATING ACTIVITIES:		
Unrealized (gains)/losses	(1,767,815)	1,643,459
(Gains)/Losses on sales of marketable securities	(93,300)	12,226
Donated securities	(36,000)	20,394
Changes in operating assets and liabilities		
increase/(decrease) cash:		
Unconditional promises to give	(392,043)	218,990
Interest receivable	2,026	1,587
Other assets	(1,217)	13,126
Accounts payable and accrued expense	<u>(281,794)</u>	<u>(1,013,383)</u>
Total adjustments	<u>(2,570,143)</u>	<u>896,399</u>
Net cash used in operating activities	<u>(676,601)</u>	<u>(6,301,424)</u>
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchases of marketable securities	(1,014,755)	(2,957,699)
Proceeds from sales of marketable securities	<u>2,318,510</u>	<u>945,963</u>
Net cash provided by/(used in) investing activities	<u>1,303,755</u>	<u>(2,011,736)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 627,154	\$ (8,313,160)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,205,952</u>	<u>12,519,112</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,833,106</u>	<u>\$ 4,205,952</u>

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services							Supporting Services			Total for the Year Ended December 31, 2019		
	Education	Community	Children, Youth and Families	Early Childhood	Health	Disaster recovery assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General		Fundraising Expenses	Total Support Services
Operating:													
Salaries	\$ 67,137	\$ 62,806	\$ 71,468	\$ 19,491	\$ 17,326	\$ 69,303	\$ -	\$ 307,531	\$ -	\$ 99,623	\$ 25,989	\$ 125,612	\$ 433,143
Fringe benefits	4,576	4,281	4,871	1,329	1,181	4,724	-	20,962	-	6,790	1,771	8,561	29,523
Professional fees	-	-	-	-	-	-	-	-	-	120,239	21,992	142,231	142,231
Payroll taxes	4,889	4,574	5,205	1,419	1,262	5,047	-	22,396	-	7,255	1,893	9,148	31,544
Donor development	-	-	-	-	-	-	-	-	-	-	19,348	19,348	19,348
Occupancy	3,670	3,433	3,906	1,065	947	3,788	-	16,809	-	5,445	1,421	6,866	23,675
Internship	-	-	-	-	-	-	-	-	-	8,973	-	8,973	8,973
Office expense and printing	674	630	717	196	174	695	-	3,086	-	1,000	260	1,260	4,346
Telephone	-	-	-	-	-	-	-	-	-	8,394	-	8,394	8,394
Insurance	-	-	-	-	-	-	-	-	-	4,380	-	4,380	4,380
Bank charges	-	-	-	-	-	-	-	-	-	7,343	-	7,343	7,343
Postage	-	-	-	-	-	-	-	-	-	2,020	-	2,020	2,020
Advertising	-	-	-	-	-	-	-	-	-	45	-	45	45
Internet	-	-	-	-	-	-	-	-	-	6,827	-	6,827	6,827
Repairs and maintenance	-	-	-	-	-	-	-	-	-	8,459	-	8,459	8,459
Dues and subscriptions	-	-	-	-	-	-	-	-	-	4,703	-	4,703	4,703
Meetings	-	-	-	-	-	-	-	-	-	4,064	-	4,064	4,064
Travel	-	-	-	-	-	-	-	-	-	11,200	-	11,200	11,200
Board expenses	-	-	-	-	-	-	-	-	-	340	-	340	340
Software and technology	-	-	-	-	-	-	-	-	-	18,200	-	18,200	18,200
Security	-	-	-	-	-	-	-	-	-	642	-	642	642
Total operating	\$ 80,946	\$ 75,724	\$ 86,167	\$ 23,500	\$ 20,890	\$ 83,557	\$ -	\$ 370,784	\$ -	\$ 325,942	\$ 72,674	\$ 398,616	\$ 769,400

Continues

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Continued

	Program Services							Supporting Services				Total for the Year Ended December 31, 2019	
	Education	Community	Children, Youth and Families	Early Childhood	Health	Disaster recovery assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses		Total Support Services
Program services:													
Grants and awards	\$ 179,783	\$ 632,687	\$ 12,081	\$ 19,582	\$ 363,962	\$ 2,218,991	\$ 9,199	\$ 3,436,285	\$ 54,190	\$ -	\$ -	\$ 54,190	\$ 3,490,475
Scholarship	214,004	-	-	-	-	3,000	-	217,004	-	-	-	-	217,004
Staffing	-	36,630	-	-	-	-	-	36,630	-	-	-	-	36,630
Occupancy	-	68,490	-	-	-	-	-	68,490	-	-	-	-	68,490
Workshops and meetings	39,600	79,192	1,460	2,470	8,461	318,426	-	449,609	-	-	-	-	449,609
Printing	1,935	4,841	3,572	3,248	2,906	5,185	-	21,687	-	-	-	-	21,687
Technical assistance	26,865	39,489	8,266	6,582	-	244,075	-	325,277	-	-	-	-	325,277
Conferences and travel	13,383	121,198	2,240	2,784	-	21,770	-	161,375	-	2,561	-	2,561	163,936
Community events	-	79,000	-	-	125	-	-	79,125	-	-	-	-	79,125
Other	4,779	75,503	2,908	250	4,258	17,316	-	105,014	-	-	-	-	105,014
Total program services	<u>\$ 480,349</u>	<u>\$ 1,137,030</u>	<u>\$ 30,527</u>	<u>\$ 34,916</u>	<u>\$ 379,712</u>	<u>\$ 2,828,763</u>	<u>\$ 9,199</u>	<u>\$ 4,900,496</u>	<u>\$ 54,190</u>	<u>\$ 2,561</u>	<u>\$ -</u>	<u>\$ 56,751</u>	<u>\$ 4,957,247</u>
Total expenses	<u>\$ 561,295</u>	<u>\$ 1,212,754</u>	<u>\$ 116,694</u>	<u>\$ 58,416</u>	<u>\$ 400,602</u>	<u>\$ 2,912,320</u>	<u>\$ 9,199</u>	<u>\$ 5,271,280</u>	<u>\$ 54,190</u>	<u>\$ 328,503</u>	<u>\$ 72,674</u>	<u>\$ 455,367</u>	<u>\$ 5,726,647</u>

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services							Supporting Services				Total for the Year Ended December 31, 2018	
	Education	Community	Children, Youth and Families	Early Childhood	Health	Disaster recovery assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses		Total Support Services
Operating:													
Salaries	\$ 74,729	\$ 68,135	\$ 65,937	\$ 63,739	\$ 17,583	\$ 50,552	\$ -	\$ 340,675	\$ -	\$ 63,739	\$ 35,166	\$ 98,905	\$ 439,580
Fringe benefits	5,704	5,201	5,033	4,865	1,342	3,859	-	26,004	-	4,865	2,684	7,549	33,553
Professional fees	-	-	-	-	-	-	-	-	-	173,228	-	173,228	173,228
Payroll taxes	5,426	4,947	4,788	4,628	1,277	3,670	-	24,736	-	4,628	2,553	7,181	31,917
Donor development	-	-	-	-	-	-	-	-	-	-	11,360	11,360	11,360
Occupancy	3,217	2,933	2,839	2,744	757	2,176	-	14,666	-	2,744	1,514	4,258	18,924
Internship	-	-	-	-	-	-	-	-	-	11,332	-	11,332	11,332
Office expense and printing	3,170	2,891	2,797	2,704	746	2,145	-	14,453	-	2,704	1,492	4,196	18,649
Telephone	-	-	-	-	-	-	-	-	-	7,500	-	7,500	7,500
Insurance	-	-	-	-	-	-	-	-	-	3,865	-	3,865	3,865
Bank charges	-	-	-	-	-	-	-	-	-	6,928	-	6,928	6,928
Postage	-	-	-	-	-	-	-	-	-	2,021	-	2,021	2,021
Advertising	-	-	-	-	-	-	-	-	-	4,488	-	4,488	4,488
Internet	-	-	-	-	-	-	-	-	-	5,600	-	5,600	5,600
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	7,637	-	7,637	7,637
Dues and subscriptions	-	-	-	-	-	-	-	-	-	16,535	-	16,535	16,535
Meetings	-	-	-	-	-	-	-	-	-	2,359	-	2,359	2,359
Travel	-	-	-	-	-	-	-	-	-	9,733	-	9,733	9,733
Board expenses	-	-	-	-	-	-	-	-	-	421	-	421	421
Software and technology	-	-	-	-	-	-	-	-	-	9,596	-	9,596	9,596
Security	-	-	-	-	-	-	-	-	-	777	-	777	777
Total operating	<u>\$ 92,246</u>	<u>\$ 84,107</u>	<u>\$ 81,394</u>	<u>\$ 78,680</u>	<u>\$ 21,705</u>	<u>\$ 62,402</u>	<u>\$ -</u>	<u>\$ 420,534</u>	<u>\$ -</u>	<u>\$ 340,700</u>	<u>\$ 54,769</u>	<u>\$ 395,469</u>	<u>\$ 816,003</u>

Continues

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

**COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Continued

	Program Services							Supporting Services				Total for the Year Ended December 31, 2018	
	Education	Community	Children, Youth and Families	Early Childhood	Health	Disaster recovery assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses		Total Support Services
Program services:													
Grants and awards	\$ 176,344	\$ 689,690	\$ 66,281	\$ -	\$ 479,245	\$ 7,563,966	\$ -	\$ 8,975,526	\$ 54,380	\$ -	\$ -	\$ 54,380	\$ 9,029,906
Scholarship	372,783	-	-	-	-	-	-	372,783	-	-	-	-	372,783
Staffing	-	2,584	9,699	-	-	-	-	12,283	-	503	-	503	12,786
Rent and utilities	-	20,182	-	-	-	5,182	-	25,364	-	-	-	-	25,364
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops and meetings	60,268	79,869	2,060	1,764	176,674	874,204	-	1,194,839	-	-	-	-	1,194,839
Printing	6,566	4,758	1,970	-	1,693	84,037	-	99,024	-	-	-	-	99,024
Technical assistance	5,419	44,740	4,425	-	-	417,130	-	471,714	-	-	-	-	471,714
Conferences and travel	13,455	78,035	10,089	7,033	1,277	34,340	-	144,229	-	50	-	50	144,279
Special events	-	-	-	-	-	-	-	-	-	-	-	-	-
Training	13,263	-	-	-	-	-	-	13,263	-	-	-	-	13,263
Software and technology	2,590	75,570	1,752	539	665	23,273	-	104,389	-	-	-	-	104,389
Total program services	<u>\$ 650,688</u>	<u>\$ 995,428</u>	<u>\$ 96,276</u>	<u>\$ 9,336</u>	<u>\$ 659,554</u>	<u>\$ 9,002,132</u>	<u>\$ -</u>	<u>\$ 11,413,414</u>	<u>\$ 54,380</u>	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ 54,933</u>	<u>\$ 11,468,347</u>
Total expenses	<u>\$ 742,934</u>	<u>\$ 1,079,535</u>	<u>\$ 177,670</u>	<u>\$ 88,016</u>	<u>\$ 681,259</u>	<u>\$ 9,064,534</u>	<u>\$ -</u>	<u>\$ 11,833,948</u>	<u>\$ 54,380</u>	<u>\$ 341,253</u>	<u>\$ 54,769</u>	<u>\$ 450,402</u>	<u>\$ 12,284,350</u>

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

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. NATURE OF ACTIVITIES

Community Foundation of the Virgin Islands, Inc. (the “Foundation”) is a tax exempt publicly supported charitable organization. The assets of the Foundation are devoted to charitable uses of a public nature primarily 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 children and families, community, health, environment and education. Current programs include:

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-profit organizations and initiatives engaged principally in improving the lives of residents of the U.S. Virgin Islands, 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 and families in the U.S territory, support initiatives to foster the family unit, provide grants in time of crisis, and engage the youth of the Virgin Islands 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 U.S. Virgin Islands.

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 Virgin Islands residents and families.

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

Disaster Recovery Assistance – The disaster recovery assistance program services provide assistance to Virgin Islanders impacted by natural disasters, such as Hurricanes Irma and Maria and support efforts to build forward as needs arise in the aftermath of natural disasters.

COMMUNITY FOUNDATION OF THE VIRGIN ISLANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Foundation conform with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and, as such, include amounts based on judgments, estimates, and assumptions made by management that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported periods. Actual results could differ from those estimates. Following is a description of the more significant accounting policies followed by the Foundation:

Basis of Presentation - The financial statements have been prepared in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958, *Not-for-Profit Entities*. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Those resources not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources.

Net assets with donor restrictions – Those resources whose use by the Foundation has been limited by donors to a specific time period or purpose or those net assets that have been restricted by donors to be in perpetuity.

Cash and Cash Equivalents – The Foundation considers all highly liquid investment securities with original maturities of three months or less to be cash equivalents. Cash equivalents as of December 31, 2019 and 2018, at the Foundation were \$3,717,140 and \$3,560,309, respectively, held in money market funds deposits with a broker dealer.

Investments in Securities – Investments represents 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 and we use quoted market prices. Unrealized gains and losses are reported in the statement of activities and changes in net assets.

Net investment income 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 earnings.

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

Fair Value Measurements of Financial Instruments – FASB ASC 825-10 requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

The Foundation determines the fair value of its financial instruments based on the fair value hierarchy established in the FASB authoritative guidance (Accounting Standard Codification 820) *for Fair Value Measurements and Disclosures*.

Revenue Recognition – Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use, unless specifically restricted by donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets. Wills are recorded as bequest revenue when the courts declare the wills valid and the proceeds are measurable. Irrevocable split-interest agreements, including charitable remainder trusts, charitable lead trust and perpetual trust, are recorded as revenue when the trust agreements become irrevocable.

The Foundation uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fund raising activity. As of December 31, 2019 and 2018, the Foundation had no allowance for uncollectible accounts.

Expense Recognition – Expenses are recognized when incurred.

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Leasehold Improvements and Equipment – Leasehold improvements and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are provided on a straight-line basis over the useful lives of each asset. Maintenance and repair costs that do not improve or extend the useful life of the respective assets are expensed as incurred. Costs of renewals and betterments which extend the useful life of the respective assets are capitalized. When assets are sold or disposed of, the cost of the assets and the related accumulated depreciation/amortization are removed from the accounts and any gain or loss is included as income or expense.

Functional Expense Allocation – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and change in net assets, and of functional expenses. Accordingly, certain costs have been allocated among the activities benefited in accordance with time spent in each program service.

Income Tax – The Internal Revenue Service (“IRS”) has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”), except for taxes on unrelated business income. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation under Section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, management has evaluated the Foundation’s tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by U.S. federal and local authorities for years ended December 31, 2015 and prior.

Investments are exposed to various risks such as interest rate, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the investments and the amounts reported in the statement of financial position.

The Foundation’s unconditional promises to give are due by numerous organizations and individuals. The Foundation’s management reviews the receivable balances as a whole to determine the necessity of its allowance for doubtful accounts.

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New Accounting Standard Adopted:

Statement of Cash Flows – In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force), which require entities to present the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The new guidance also requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet if restricted cash and restricted cash equivalents are presented in a different line item in the balance sheet. The adoption of the standard did not have an effect on the cash flow presentation of the Foundation for years ended December 31, 2019 and 2018.

Revenue Recognition – In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU No. 2014-09”). This ASU and other related ASUs supersede the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry specific guidance, and provide a principles-based, comprehensive framework in Topic 606, Revenue from Contracts with Customers.

The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and its core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying ASU 2014-09, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. The five-step analysis consists of the following: (i) identifying the contract with a customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 also specifies the accounting for certain costs to obtain or fulfil a contract with a customer and provides enhanced disclosure requirements. ASU 2014-19 is effective for reporting periods beginning after December 15, 2018. The Foundation adopted ASU No. 2014-09 as of January 1, 2019 using the modified retrospective transition method. Under this method, entities are required to report any effect from adoption as a cumulative effect adjustment to retained earnings at the adoption date. There were no contracts modifications prior to January 1, 2019, that should have an impact in the implementation of the ASU 2014-09. There was no cumulative impact to the Foundation’s net assets at January 1, 2019. The adoption of the standard did not have an effect on the amount and timing pattern of revenue recognition.

Recent Accounting Standard Updates:

The adoption of the following accounting pronouncements may have an impact on the Foundation’s financial statements and disclosures.

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Presentation of Financial Statements – In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for transactions in which an entity is neither a public business entity nor a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serve as the resource recipient. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. For transactions in which an entity is neither a public business entity nor a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as the resource provider, the ASU is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. The amendments should be applied on a modified prospective basis with retrospective application permitted.

Presentation of Financial Statements – In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is allowed for financial statements not yet available for issuance. The amendments should be applied prospectively. See the ASU for various disclosure amendments and requirements.

Leases – In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The main provision of ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The effective date was deferred by ASU 2019-01. The ASU has not yet been adopted. The Foundation is currently evaluating the provisions of ASU No. 2016-02 and will be closely monitoring developments and additional guidance to determine the impact the new standard will have on the Foundation’s Financial Statements.

In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): *Targeted Improvements*, July 2018, the effective dates are generally the same as those in ASU No. 2016-02 (which were deferred by ASU 2019-01). However, the ASU provides an additional and optional transition method for the adoption of ASU No. 2016-02, which allows the initial application of the guidance at the adoption date with recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In addition, for amendments in the ASU providing lessors a practical expedient to not separate nonlease components from lease components, entities that have not yet adopted ASU No. 2016-02 should use the same effective date and transition requirements (as amended) as those in ASU No. 2016-02. For entities that have previously adopted ASU No. 2016-02, the practical expedient can be elected in the first reporting period after the issuance of ASU No. 2018-11, or at the original effective date of ASU No. 2016-02. Additionally, if ASU No. 2016-02 has previously been adopted, the practical expedient may be applied either retrospectively or prospectively.

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In March 2019, FASB issued ASU 2019-01, Leases (Topic 842): Codification Improvements, if ASU 2016-02 has not been early adopted, the effective dates and transition requirements are the same for entities other than public business entities, certain not-for-profit entities, and certain employee benefit plans, as those in ASU No. 2016-02, as amended (which are for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022). If ASU 2016-02 has been early adopted, the ASU should be applied as of the date that ASU 2016-02 was applied.

Other Recently Issued Accounting Guidance – During the year ended December 31, 2019, the FASB issued certain other accounting standard updates that were not relevant to the Foundation’s operations.

3. INVESTMENTS

Investment securities as of December 31, 2019 and 2018, consist of the following:

	2019		2018	
	Fair value	Cost	Fair value	Cost
Mutual Funds	\$ 8,675,008	\$ 6,941,023	\$ 7,867,675	\$ 7,330,036
Common Stocks, Exchange-Traded and Closed End Funds	1,189,167	1,251,255	991,185	1,194,309
Preferred Stocks	1,084,516	1,058,260	1,261,580	1,459,716
Certificates of Deposit	210,313	209,272	522,707	534,272
Corporate Bonds and Notes	1,506,785	1,454,293	1,432,368	1,570,226
Government Bonds and Notes	99,460	100,007	96,374	100,007
Total	<u>\$ 12,765,249</u>	<u>\$ 11,014,110</u>	<u>\$ 12,171,889</u>	<u>\$ 12,188,566</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 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.

Investment income/(loss) is comprised of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest, dividends and capital gain distributions	\$ 658,303	\$ 846,891
Gains/(losses) on sales of investments	93,300	(12,226)
Unrealized gains/(losses)	1,767,815	(1,643,459)
	<u>\$ 2,519,418</u>	<u>\$ (808,794)</u>

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4. FAIR VALUE MEASUREMENTS

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Foundation at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table present assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	2019			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 8,675,008	\$ 8,675,008	\$ -	\$ -
Common Stocks, Exchange-Traded and Closed End	1,189,167	1,189,167	-	-
Preferred Stocks	1,084,516	1,084,516	-	-
Certificates of Deposit	210,313	210,313	-	-
Corporate Bonds and Notes	1,506,785	-	1,506,785	-
Government Bonds and Notes	99,460	-	99,460	-
Investments, at fair value	<u>\$ 12,765,249</u>	<u>\$ 11,159,004</u>	<u>\$ 1,606,245</u>	<u>\$ -</u>

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	2018			
	Fair value	Level 1	Level 2	Level 3
Mutual funds	\$ 7,867,675	\$ 7,867,675	\$ -	\$ -
Common Stocks, Exchange-Traded and Closed End	991,185	991,185	-	-
Preferred Stocks	1,261,580	1,261,580	-	-
Certificates of Deposit	522,707	522,707	-	-
Corporate Bonds and Notes	1,432,368	-	1,432,368	-
Government Bonds and Notes	96,374	-	96,374	-
Investments, at fair value	<u>\$ 12,171,889</u>	<u>\$ 10,643,147</u>	<u>\$ 1,528,742</u>	<u>\$ -</u>

Investment securities classified as available-for-sale are the only financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. No financial liabilities are recognized or disclosed at fair value by the Foundation in the financial statements on a recurring basis.

As of December 31, 2019 and 2018, the Foundation did not have any nonfinancial asset or liability recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Foundation's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of Level 1, Level 2 or Level 3 for the years ended on December 31, 2019 and 2018.

The following methods and assumptions were used by the Foundation in estimating fair values of financial instruments:

Common Stocks, Mutual Funds, Exchange-Traded and Closed End Funds, Certificate of Deposit and Preferred Stocks – The majority of the values for these securities are obtained from third-party pricing service providers that use a pricing methodology based on observable market inputs and quoted prices in active markets for identical instruments. These investments are classified as Level 1.

Government Bonds and Notes, Corporate Bonds and Notes – The fair value of these securities is obtained from third party pricing service providers that use a pricing methodology based on an active exchange market and quoted market prices for similar securities. These securities are classified as Level 2.

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5. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment at December 31, 2019 and 2018, consist of:

	<u>Useful Life</u> <u>(in years)</u>	<u>2019</u>	<u>2018</u>
Leasehold improvements	5	\$ 19,315	\$ 19,315
Equipment	5	<u>48,393</u>	<u>48,393</u>
Total depreciable assets		67,708	67,708
Accumulated depreciation and amortization		<u>(67,272)</u>	<u>(67,272)</u>
Total leasehold improvements and equipment, net		<u>\$ 436</u>	<u>\$ 436</u>

There is no depreciation expense for the years ended December 31, 2019 and 2018.

6. 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, 2019 and 2018, 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 payments as contributions in the year of receipt, and interest is recorded when earned. For the years ended December 31, 2019 and 2018, the Foundation earned interest in accordance with the terms of the note amounting to \$52,318 per year. As of December 31, 2019 and 2018, a total of \$126,955 and \$89,636, respectively, was recorded as interest receivable in the Unconditional Promises to Give in the Statement of Financial Position.

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7. NET ASSETS

The Foundation has identified its net assets as follows:

As of December 31, 2019 and 2018, net asset balances with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Permanent restrictions:		
Children’s Trust of the Virgin Islands	\$ 212,337	\$ 212,337
Judith A. Towle Environmental Studies	<u>70,000</u>	<u>70,000</u>
Total permanent restrictions	<u>282,337</u>	<u>282,337</u>
Temporary restrictions:		
Scholarships	853,771	748,104
Programs	1,650,657	1,457,976
Grants	847,786	409,721
Field of Interest	2,768,189	2,121,142
Agency	209,094	201,623
Fiscal Sponsorship	337,386	289,258
Disaster assistance	3,356,549	4,357,674
Other	<u>38,144</u>	<u>90,685</u>
Total temporary restrictions	<u>10,061,576</u>	<u>9,676,183</u>
Total net assets with donor restrictions	<u>\$ 10,343,913</u>	<u>\$ 9,958,520</u>

Scholarships – Funds which are individually identified as programs which may be distributed for scholarships.

Programs – Donated funds to be used in the Foundation’s programs such as Community Service Fund, Dictionary Project, The Family Connection, Laws of Life, Rapid Response, Senior Citizen Assistance, and Next Generation Scholars.

Field of Interest – Funds individually identified which may be used in specific activity or certain program area, in accordance with donor’s intent.

Agency – Funds received and used following agency specific arrangements.

Fiscal Sponsorship – Represents funds received and distributed under fiscal sponsorship agreements for which the Foundation provides fiscal sponsor services to organizations and groups to assist with a charitable project.

Disaster Recovery Assistance – Represents funds received and distributed from donations made for Hurricanes Irma and María relief.

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As of December 31, 2019 and 2018, net asset balances without donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Unrestricted and operating funds	\$ 3,506,344	\$ 2,877,077
Donor advised funds	<u>4,216,467</u>	<u>3,337,585</u>
Total	<u>\$ 7,722,811</u>	<u>\$ 6,214,662</u>

Donor Advised Funds – Funds which the donor actively participates and makes non-binding grant recommendations to the Board. The Foundation has final approval of these recommendations.

Unrestricted and Operating Funds – Funds, that are non-permanent or to be used for a broad range of community issues, and operations of the Foundation.

8. COMMITMENTS

The Foundation’s premises are leased with terms expiring through February 2022. Total rent and other leases expense for the years ended December 31, 2019 and 2018, amounted to \$9,000 per year.

Future minimum lease payments under existing operating leases at December 31, 2019, follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 9,000
2021	9,000
2022	<u>1,500</u>
Total minimum lease payments	<u>\$ 19,500</u>

9. 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 statement of activities for the years ended December 31, 2019 and 2018, amounted to \$6,898 and \$7,189, respectively.

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10. 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.

There were no temporarily restricted in-kind services during the years ended December 31, 2019 and 2018.

11. 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. 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 years ended December 31, 2019 and 2018, are as follows:

	<u>December 31, 2019</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	\$ -	\$ 400,185	\$ 400,185
Investment returns	-	18,398	18,398
Net appreciation	-	43,272	43,272
Contributions	-	3,376	3,376
Amounts appropriated for expenditures and other charges	-	(14,199)	(14,199)
Change in endowment net assets	-	50,847	50,847
Endowment net asset, end of year	<u>\$ -</u>	<u>\$ 451,032</u>	<u>\$ 451,032</u>
	<u>December 31, 2018</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	\$ -	\$ 428,769	\$ 428,769
Investments returns	-	(21,402)	(21,402)
Net appreciation	-	-	-
Contributions	-	6,892	6,892
Amounts appropriated for expenditures and other charges	-	(14,074)	(14,074)
Change in endowment net assets	-	(28,584)	(28,584)
Endowment net asset, end of year	<u>\$ -</u>	<u>\$ 400,185</u>	<u>\$ 400,185</u>

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12. RISK CONCENTRATIONS

Financial instruments that potentially expose the Foundation to certain concentration of credit risk include cash and cash equivalents, investments and unconditional promises to give. Cash and cash equivalents balances are maintained at high-quality financial institutions and, at times, balances may exceed the amount insured by the Federal Deposit Insurance Corporation (“FDIC”). Beginning January 1, 2013, as 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. At December 31, 2019 and 2018, the Foundation’s uninsured cash deposits amounted to approximately \$4,200,000 and \$4,200,000, respectively.

Investments are exposed to various risks such as interest rate, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the investments and the amounts reported in the statement of financial position.

The Foundation’s unconditional promises to give are due by numerous organizations and individuals. The Foundation’s management reviews the receivable balances as a whole to determine the necessity of its allowance for doubtful accounts.

13. LIQUIDITY AND AVAILABILITY

The Foundation routinely monitors liquidity for grant expenditures, other program service expenses and operations in accordance with its financial policy. The Foundation’s financial assets consist principally of cash and investment in marketable equity securities, corporate and government bonds and notes, certificate of deposits and mutual funds which are available for grants, program services and general expenditures. The Foundation’s financial assets are not subject to donor or other contractual restrictions that make them unavailable within one year of the balance sheet date. The Foundation’s financial policy is to maintain cash and investment in securities that generate a predictable stream of investment income to support fund granting and operating expenses while seeking to maintain the purchasing power of the Foundation’s financial assets to meet long term objectives and short term needs.

The Foundation principal assets consist of cash and investments, at fair value as disclosed in Note 3 to the financial statements. The Foundation pools investments for general investment purposes. Investment income is allocated amongst certain designated funds. The Foundation utilizes external investment consultants to manage the Foundation’s investments in accordance with an investment policy approved by the board of directors. Regularly, the investment committee of the board of directors meets with the investment consultants to review portfolio performance, returns and compliance with the Foundation’s investment policy.

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14. RISKS AND UNCERTAINTIES

The Foundation activities results of operations and financial condition may be adversely affected if a public health epidemic, including the coronavirus reported to have originated in Wuhan, China, interferes with the ability of Foundation constituents, our employees and other business partners to perform our and their respective responsibilities and obligations relative to the conduct of our business. A public health epidemic poses the risk that we or our employee, and other business partners may be prevented from conducting Foundation activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. We face similar risks if a public health epidemic affects other geographic areas where our employees and constituent are located.

The Foundation has exposure to catastrophe losses in USVI. These catastrophes can be caused by various events, including hurricanes, floods and the incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to certain areas within USVI; however, hurricanes may produce significant damage in large, heavily populated areas.

15. SUBSEQUENT EVENTS

For purposes of these financial statements, subsequent events have been evaluated through October 7, 2020, which is the date that the financial statements were available to be issued. There are no material subsequent events, other than the described below, that require further disclosures in the Foundation's financial statements.

On March 23, 2020, the Governor of United States Virgin Islands issued the Executive Order #340-774-0001 to make the necessary closures of the government and private companies to combat the effects of Coronavirus ("COVID-19" or the "virus"). The closure consists of a 14-day lock down and social distancing from March 23 to April 6, 2020. Subsequently, on April 6, 2020, the Governor of United States Virgin Islands have issued various updated orders extending the social distancing until June 11, 2020. As the result of the Executive Order, the Foundation employees have been working remote.

The effect of the executive order restriction on the Foundation's operations cannot be reasonably estimated at this time but may have an impact to our operations and could include loss of revenues, grants cancellations, among others. In addition, the extent to which the COVID-19 impacts the Foundation results depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the virus and the actions to contain or treat its impact, among others.