



# Community Foundation of the Virgin Islands, Inc.

Financial Statements  
Years Ended December 31, 2020 and 2019

Community Foundation of the Virgin Islands, Inc.

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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of Community Foundation of the Virgin Islands, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, 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.

### ***Basis for Opinion***

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

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

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

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

### ***Auditor's Responsibilities for the Audits of the Financial Statements***

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



To the Board of Directors  
Community Foundation of the Virgin Islands, Inc.  
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In performing an audit in accordance with GAAS, we:

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

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

Miami, Florida  
December 23, 2021

**BDO USA, LLP**  
Certified Public Accountants

Community Foundation of the Virgin Islands, Inc.

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Statements of Financial Position  
December 31,

ASSETS	2020	2019
Cash and cash equivalents	\$ 3,958,631	\$ 4,833,106
Investments	14,083,200	12,765,249
Unconditional promises to give	359,273	482,181
Other assets	9,741	11,046
TOTAL ASSETS	<b>\$ 18,410,845</b>	<b>\$ 18,091,582</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 5,401	\$ 24,858
Paycheck Protection Program loan	81,100	-
TOTAL LIABILITIES	86,501	24,858
NET ASSETS		
Without donor restrictions	8,705,564	7,722,811
With donor restrictions	9,618,780	10,343,913
TOTAL NET ASSETS	18,324,344	18,066,724
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 18,410,845</b>	<b>\$ 18,091,582</b>

See accompanying auditor's report and notes to the financial statements for all footnotes.

**Community Foundation of the Virgin Islands, Inc.**

**Statements of Activities  
For the Years Ended December 31,**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 668,555	\$ 2,670,005	\$ 3,338,560	\$ 1,089,080	\$ 4,011,691	\$ 5,100,771
Investment income, net	1,201,645	547,266	1,748,911	1,419,472	1,099,946	2,519,418
Net assets released from restrictions	3,942,404	(3,942,404)	-	4,726,244	(4,726,244)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>5,812,604</b>	<b>(725,133)</b>	<b>5,087,471</b>	<b>7,234,796</b>	<b>385,393</b>	<b>7,620,189</b>
<b>EXPENSES</b>						
Program services:						
Education	642,920	-	642,920	561,295	-	561,295
Community	1,193,436	-	1,193,436	1,212,754	-	1,212,754
Children, youth and families	277,960	-	277,960	116,694	-	116,694
Early childhood	34,454	-	34,454	58,416	-	58,416
Health and human services	428,556	-	428,556	400,602	-	400,602
Disaster recovery assistance	1,587,897	-	1,587,897	2,912,320	-	2,912,320
Environmental	196,998	-	196,998	9,199	-	9,199
Supporting services:						
CFVI capacity	54,700	-	54,700	54,190	-	54,190
Management and general	345,738	-	345,738	328,503	-	328,503
Fundraising expenses	67,192	-	67,192	72,674	-	72,674
<b>TOTAL EXPENSES</b>	<b>4,829,851</b>	<b>-</b>	<b>4,829,851</b>	<b>5,726,647</b>	<b>-</b>	<b>5,726,647</b>
CHANGE IN NET ASSETS	982,753	(725,133)	257,620	1,508,149	385,393	1,893,542
NET ASSETS BEGINNING OF YEAR	7,722,811	10,343,913	18,066,724	6,214,662	9,958,520	16,173,182
NET ASSETS END OF YEAR	<b>\$ 8,705,564</b>	<b>\$ 9,618,780</b>	<b>\$ 18,324,344</b>	<b>\$ 7,722,811</b>	<b>\$ 10,343,913</b>	<b>\$ 18,066,724</b>

See accompanying auditor's report and notes to the financial statements for all footnotes.

**Community Foundation of the Virgin Islands, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2020**

	Program Services							Supporting Services					
	Education	Community	Children, Youth and Families	Early Childhood	Health and Human Services	Disaster Recovery Assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses	Total Supporting Services	Total Expenses
Grants, awards and scholarships	\$ 551,259	\$ 950,809	\$ 161,482	\$ 225	\$ 371,759	\$ 1,347,553	\$ 171,083	\$ 3,554,170	\$ 54,700	\$ -	\$ -	\$ 54,700	\$ 3,608,870
Salaries, payroll taxes and fringe benefits	60,794	64,171	111,456	10,132	27,019	54,039	6,755	334,366	-	168,873	37,152	206,025	540,391
Conferences, workshops and travel	18,943	72,498	-	13,773	17,911	161,596	6,300	291,021	-	3,201	-	3,201	294,222
Professional fees and technical assistance	8,500	46,575	-	-	505	19,140	2,940	77,660	-	98,100	-	98,100	175,760
Occupancy	2,382	2,514	4,367	397	1,059	2,117	265	13,101	-	13,653	1,456	15,109	28,210
Office expenses	357	377	655	60	159	318	40	1,966	-	14,606	218	14,824	16,790
Printing	-	1,058	-	9,867	-	7,578	-	18,503	-	1,414	-	1,414	19,917
Insurance	-	-	-	-	-	-	-	-	-	4,340	-	4,340	4,340
Bank charges	-	-	-	-	-	-	-	-	-	5,447	-	5,447	5,447
Software and technology	-	-	-	-	-	-	-	-	-	27,163	-	27,163	27,163
Other	685	55,434	-	-	10,144	(4,444)	9,615	71,434	-	8,941	28,366	37,307	108,741
<b>Total functional expenses</b>	<b>\$ 642,920</b>	<b>\$ 1,193,436</b>	<b>\$ 277,960</b>	<b>\$ 34,454</b>	<b>\$ 428,556</b>	<b>\$ 1,587,897</b>	<b>\$ 196,998</b>	<b>\$ 4,362,221</b>	<b>\$ 54,700</b>	<b>\$ 345,738</b>	<b>\$ 67,192</b>	<b>\$ 467,630</b>	<b>\$ 4,829,851</b>

See accompanying auditor's report and notes to the financial statements for all footnotes.

**Community Foundation of the Virgin Islands, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	Program Services							Supporting Services					
	Education	Community	Children, Youth and Families	Early Childhood	Health and Human Services	Disaster Recovery Assistance	Environ- mental	Total Program Services	CFVI Capacity	Management and General	Fundraising Expenses	Total Supporting Services	Total Expenses
Grants, awards and scholarships	\$ 393,797	\$ 632,687	\$ 12,081	\$ 19,582	\$ 363,962	\$ 2,221,991	\$ 9,199	\$ 3,653,299	\$ 54,190	\$ -	\$ -	\$ 54,190	\$ 3,707,489
Salaries, payroll taxes and fringe benefits	76,602	71,661	81,544	22,239	19,769	79,074	-	350,889	-	122,641	29,653	152,294	503,183
Conferences, workshops and travel	52,983	200,390	3,700	5,254	8,461	340,196	-	610,984	-	18,165	-	18,165	629,149
Professional fees and technical assistance	26,865	76,119	8,266	6,582	-	244,075	-	361,907	-	124,987	21,992	146,979	508,886
Occupancy	3,670	71,923	3,906	1,065	947	3,788	-	85,299	-	6,087	1,421	7,508	92,807
Office expenses	674	630	717	196	174	695	-	3,086	-	26,700	260	26,960	30,046
Printing	1,935	4,841	3,248	2,906	5,185	-	-	18,115	-	-	-	-	18,115
Insurance	-	-	-	-	-	-	-	-	-	4,380	-	4,380	4,380
Bank charges	-	-	-	-	-	-	-	-	-	5,447	-	5,447	5,447
Software and technology	-	-	-	-	-	-	-	-	-	18,200	-	18,200	18,200
Community events	-	79,000	-	-	125	-	-	79,125	-	-	19,348	19,348	98,473
Other	4,769	75,503	3,232	592	1,979	22,501	-	108,576	-	1,896	-	1,896	110,472
<b>Total functional expenses</b>	<b>\$ 561,295</b>	<b>\$ 1,212,754</b>	<b>\$ 116,694</b>	<b>\$ 58,416</b>	<b>\$ 400,602</b>	<b>\$ 2,912,320</b>	<b>\$ 9,199</b>	<b>\$ 5,271,280</b>	<b>\$ 54,190</b>	<b>\$ 328,503</b>	<b>\$ 72,674</b>	<b>\$ 455,367</b>	<b>\$ 5,726,647</b>

See accompanying auditor's report and notes to the financial statements for all footnotes.



Community Foundation of the Virgin Islands, Inc.

**Statements of Cash Flows**  
For the Years Ended December 31,

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 257,620	\$ 1,893,542
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Donated securities	(23,021)	(36,000)
Net realized losses (gains) from investments	185,236	(93,300)
Net unrealized gains from investments	(1,467,659)	(1,767,815)
Decrease (increase) in operating assets:		
Unconditional promises to give	122,908	(392,043)
Interest receivable	-	2,026
Other assets	-	(1,217)
Prepaid expenses, deposits and other assets	1,305	-
Decrease in operating liabilities:		
Accounts payable and accrued expenses	(19,457)	(281,794)
TOTAL ADJUSTMENTS	(1,200,688)	(2,570,143)
NET CASH USED IN OPERATING ACTIVITIES	(943,068)	(676,601)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(2,807,993)	(1,014,755)
Proceeds from sale of investments	2,795,486	2,318,510
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(12,507)	1,303,755
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	81,100	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	81,100	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(874,475)	627,154
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,833,106	4,205,952
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$3,958,631</b>	<b>\$4,833,106</b>

See accompanying auditor's report and notes to the financial statements for all footnotes.

## Community Foundation of the Virgin Islands, Inc.

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### Notes to Financial Statements December 31, 2020 and 2019

#### 1. ORGANIZATION

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Community Foundation of the Virgin Islands, Inc. (the “Foundation”) is a tax exempt publicly supported charitable foundation. The assets of the Foundation are devoted to charitable uses of a public nature 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:

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

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

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

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

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

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

**CFVI Capacity** - Support provided by donors from named Funds at the Foundation to support the Foundation’s overall operations 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.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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##### Basis of Presentation

The financial statements are prepared using the accrual basis of accounting. Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s Board. Gifts to donor advised funds are classified as support without restrictions.

Notes to Financial Statements  
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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**Basis of Presentation (Continued)**

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Foundation considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents as of December 31, 2020 and 2019, at the Foundation were \$2,424,733 and \$3,717,140, respectively, held in money market funds deposits with a broker dealer.

**Investments**

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

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

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

**Fair Value of Financial Instruments**

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates. The carrying amount of all financial assets and liabilities approximates fair value.

Notes to Financial Statements  
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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**Revenue Recognition**

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Foundation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

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 fundraising activity. As of December 31, 2020 and 2019, the Foundation had no allowance for uncollectible accounts.

**Functional Expense Allocation**

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

**Income Taxes**

The Foundation is a non-profit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal or state income taxes. The Foundation is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Notes to Financial Statements  
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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**Income Taxes (Continued)**

The Foundation must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Foundation does not believe that it has any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Foundation believes that it is no longer subject to U.S. Federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017.

**Risks and Uncertainties**

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 from Foundations and individuals. The Foundation's management reviews the receivable balances as a whole to determine the necessity of its allowance for doubtful accounts.

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.

**Recent Accounting Pronouncements**

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019; however, due to the circumstances surrounding COVID-19, the FASB issued relief in the form of deferral of the required adoption date for nonprofit entities to annual periods beginning after December 31, 2019 and interim periods beginning after December 15, 2020. The Foundation is currently evaluating the effect the update will have on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, which deferred the effective date of Topic 842 to annual reporting periods beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. The Foundation is evaluating the impact on its financial statements of adopting this guidance.

Notes to Financial Statements  
December 31, 2020 and 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Recent Accounting Pronouncements (Continued)**

Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). The main objective of this update is to provide financial statement users with more useful information in decision-making related to expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The amendment replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU was subsequently updated by ASU 2019-10, which finalized various effective dates on the implementation of the standard. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The Foundation is currently evaluating the impact on its financial statements of adopting this guidance.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Foundation is currently evaluating the effect the update will have on its financial statements.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

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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 policy is to maintain cash and investment in marketable 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's principal assets of cash and investments are stated at fair value as disclosed in Note 4 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.

**Community Foundation of the Virgin Islands, Inc.**

**Notes to Financial Statements  
December 31, 2020 and 2019**

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

The Foundation's financial assets available within one year of the Statements of Financial Position date for general expenditures as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,958,631	\$ 4,833,106
Investments	14,083,200	12,765,249
Unconditional promises to give	359,273	482,181
Total financial assets	<u>18,401,104</u>	<u>18,080,536</u>
Less amounts not available to be used within one year or without board approval:		
Net assets with donor restrictions	<u>9,618,780</u>	<u>10,343,913</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 8,782,324</u>	<u>\$ 7,736,623</u>

**4. INVESTMENTS**

Investment securities as of December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 11,038,924	\$ 8,675,008
Common stock	1,227,077	1,189,167
Preferred stock	714,631	1,084,516
Certificates of deposit	-	210,313
Corporate bonds	1,102,568	1,506,785
Government bonds	-	99,460
Total	<u>\$ 14,083,200</u>	<u>\$ 12,765,249</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 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.

**Community Foundation of the Virgin Islands, Inc.**

**Notes to Financial Statements  
December 31, 2020 and 2019**

**4. INVESTMENTS (CONTINUED)**

Investment income, net of fees, is comprised of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividend income	\$ 466,488	\$ 658,303
Realized (losses) gains	(185,236)	93,300
Unrealized gains	1,467,659	1,767,815
	\$ 1,748,911	\$ 2,519,418

**5. 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 tables present assets that are measured at fair value on a recurring basis as of December 31, 2020 and 2019:

Description	12/31/2020	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds	\$ 11,038,924	\$ 11,038,924	\$ -	\$ -
Common stock	1,227,077	1,227,077	-	-
Preferred stock	714,631	714,631	-	-
Corporate bonds	1,102,568	-	1,102,568	-
Total investments	\$ 14,083,200	\$ 12,980,632	\$ 1,102,568	\$ -



**Community Foundation of the Virgin Islands, Inc.**

**Notes to Financial Statements  
December 31, 2020 and 2019**

**5. FAIR VALUE MEASUREMENTS (CONTINUED)**

Description	12/31/2019	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds	\$ 8,675,008	\$ 8,675,008	\$ -	\$ -
Common stock	1,189,167	1,189,167	-	-
Preferred stock	1,084,516	1,084,516	-	-
Certificate of deposit	210,313	210,313	-	-
Corporate bonds	1,506,785	-	1,506,785	-
Government bonds	99,460	-	99,460	-
<b>Total investments</b>	<b>\$ 12,765,249</b>	<b>\$ 11,159,004</b>	<b>\$1,606,245</b>	<b>\$ -</b>

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, 2020 and 2019, 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, 2020 and 2019.

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

**Common Stocks, Mutual Funds 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 are classified as Level 2.

**Community Foundation of the Virgin Islands, Inc.**

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**Notes to Financial Statements  
December 31, 2020 and 2019**

**6. NET ASSETS**

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As of December 31, 2020 and 2019, net asset balances with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Children's Trust of the Virgin Islands	\$ 212,337	\$ 212,337
Judith A. Towle Environmental Studies	70,000	70,000
Scholarships	974,811	853,771
Programs	1,790,804	1,650,657
Grants	876,480	847,786
Field of Interest	3,719,993	2,768,189
Agency	91,391	209,094
Fiscal Sponsorship	494,497	337,386
Disaster Assistance	1,312,404	3,356,549
Other	76,063	38,144
Total net assets with donor restrictions	<u>\$ 9,618,780</u>	<u>\$ 10,343,913</u>

As of December 31, 2020 and 2019, net assets without donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions	\$ 3,904,359	\$ 3,506,344
Donor advised funds	4,801,205	4,216,467
Total	<u>\$ 8,705,564</u>	<u>\$ 7,722,811</u>

**7. COMMITMENTS AND CONTINGENCIES**

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**Operating Leases**

The Foundation's premises are leased with terms expiring through February 2022. Total rent and other leases expense for the years ended December 31, 2020 and 2019, amounted to \$9,000 per year.

Future minimum lease payments under existing operating leases at December 31, 2020 are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2021	\$ 9,000
2022	1,500
Total minimum lease payments	<u>\$ 10,500</u>

Notes to Financial Statements  
December 31, 2020 and 2019

**8. DEFINED CONTRIBUTION PLAN**

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The Foundation has a defined contribution plan that covers all eligible employees who have earned \$5,000 during any two preceding years and is reasonably expected to earn at least \$5,000 in the current year. The Foundation matches 100% of the participants' contributions up to 3%. Contributions charged to expense on the statements of activities for the years ended December 31, 2020 and 2019, amounted to \$7,712 and \$6,898, respectively.

**9. DONATED SERVICES, MATERIALS AND FACILITIES**

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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 FASB Codification Topics on contributions have not been satisfied. There were no temporarily restricted in-kind services during the years ended December 31, 2020 and 2019.

**10. ENDOWMENT**

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

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

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policy of the Foundation

**Community Foundation of the Virgin Islands, Inc.**

**Notes to Financial Statements  
December 31, 2020 and 2019**

**10. ENDOWMENT (CONTINUED)**

As of December 31, 2020, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor restricted gifts in perpetuity	\$ -	\$ 282,337	\$ 282,337
Accumulated gain	-	214,874	214,874
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 497,211</u>	<u>\$ 497,211</u>

As of December 31, 2019, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor restricted gifts in perpetuity	\$ -	\$ 282,337	\$ 282,337
Accumulated gain	-	168,695	168,695
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 451,032</u>	<u>\$ 451,032</u>

**Change in endowment net assets for the year ended December 31, 2020:**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 451,032	\$ 451,032
Investment returns	-	8,298	8,298
Net appreciation	-	43,304	43,304
Contributions	-	3,477	3,477
Appropriated for expenditures	-	(8,900)	(8,900)
Change in endowment, net assets	<u>-</u>	<u>46,179</u>	<u>46,179</u>
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 497,211</u>	<u>\$ 497,211</u>

**Change in endowment net assets for the year ended December 31, 2019:**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 400,185	\$ 400,185
Investment returns	-	18,398	18,398
Net appreciation	-	43,272	43,272
Contributions	-	3,376	3,376
Appropriated for expenditures	-	(14,199)	(14,199)
Change in endowment, net assets	<u>-</u>	<u>50,847</u>	<u>50,847</u>
Endowment net assets, ending	<u>\$ -</u>	<u>\$ 451,032</u>	<u>\$ 451,032</u>

Notes to Financial Statements  
December 31, 2020 and 2019

**11. CONCENTRATIONS**

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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, 2020 and 2019, the Foundation’s uninsured cash deposits amounted to approximately \$3,200,000 and \$4,200,000, respectively.

**12. COVID-19 AND CARES ACT**

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On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the increase in global exposure.

The COVID-19 outbreak did not have a material impact on the Foundation for the year ended December 31, 2020. Management continues to actively monitor the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. As of the date of this report, management has received assistance from the CARES Act. (NOTE 13).

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the “Act”) was signed into law, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. There was no material impact to the Foundation as a result of the enactment of the Act.

On March 11, 2021, the American Rescue Plan Act (“ARP Act”) was signed into law, which includes \$1.9 trillion in funding for critical resources to respond to the public health and economic crisis as a result of the COVID-19 pandemic. The Foundation is currently evaluating the impact of the ARP Act.

Notes to Financial Statements  
December 31, 2020 and 2019

**13. PAYCHECK PROTECTION PROGRAM LOAN**

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During the year ended December 31, 2020, the Foundation applied for and received, funds under the Paycheck Protection Program of \$81,100 authorized by the CARES Act. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on the future adherence to the forgiveness criteria. The loan begins accruing interest at a rate of 1.00% on the effective date. Principal payments are due in equal monthly installments commencing on November 25, 2020. The loan matures on May 1, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Foundation retains employees during a specified period. Management estimates that a significant portion of the loan funds will be eligible for forgiveness. The proceeds of the loan are recognized as a financial liability in accordance with ASC 470 and are included within liabilities on the accompanying Statements of Financial Position. As of December 31, 2020, the amount outstanding on the PPP loan was \$81,100.

**14. SUBSEQUENT EVENTS**

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The Foundation has evaluated subsequent events through December 23, 2021, which is the date the financial statements were available to be issued. No material events have come to the attention of management that require recognition or disclosure in the financial statements except:

Subsequent to the year ended December 31, 2020, the Foundation was granted forgiveness for the PPP loan of approximately \$81,000 and all conditions of the loan were explicitly waived.