# CIA OFFICERS MEMORIAL FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

# CIA OFFICERS MEMORIAL FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors of
CIA Officers Memorial Foundation

## Opinion

We have audited the accompanying financial statements of CIA Officers Memorial Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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. 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 available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Calibre CPA Group, PLLC

Bethesda, MD
July 31, 2024

## CIA OFFICERS MEMORIAL FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| **Assets** | | |
| Cash and cash equivalents | $ 8,379,205 | $ 4,635,011 |
| Pledges and contributions receivable | 1,287,736 | 1,773,867 |
| Other receivables | 45,871 | 53,981 |
| Prepaid expense | 9,867 | 3,088 |
| Net property and equipment | 2,187 | - |
| Investments | 43,849,044 | 34,317,852 |
| Total assets | $ 53,573,910 | $ 40,783,799 |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 70,256 | $ 40,001 |
| Deferred revenue | - | 1,000 |
| Total liabilities | 70,256 | 41,001 |
| **Net assets** | | |
| Without donor restrictions | | |
| Undesignated | 9,554,610 | 6,243,446 |
| Board designated | 43,849,044 | 34,317,852 |
| Total net assets without donor restrictions | 53,403,654 | 40,561,298 |
| With donor restrictions | 100,000 | 181,500 |
| Total net assets | 53,503,654 | 40,742,798 |
| Total liabilities and net assets | $ 53,573,910 | $ 40,783,799 |

# CIA OFFICERS MEMORIAL FOUNDATION

## STATEMENTS OF ACTIVITIES

## YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Support and revenue** | | | | | | |
| Grants and contributions | $ 10,776,904 | $ - | $ 10,776,904 | $ 5,263,758 | $ 106,500 | $ 5,370,258 |
| Contributed nonfinancial assets | 387,378 | - | 387,378 | 144,282 | - | 144,282 |
| Net assets released from restrictions | 81,500 | (81,500) | - | 787,000 | (787,000) | - |
| Total support and revenue | 11,245,782 | (81,500) | 11,164,282 | 6,195,040 | (680,500) | 5,514,540 |
| **Expenses** | | | | | | |
| Program services | 2,407,539 | - | 2,407,539 | 1,867,041 | - | 1,867,041 |
| Supporting services | | | | | | |
| Management and general | 344,907 | - | 344,907 | 1,017,298 | - | 1,017,298 |
| Fundraising | 893,426 | - | 893,426 | 504,240 | - | 504,240 |
| Total supporting services | 1,238,333 | - | 1,238,333 | 1,521,538 | - | 1,521,538 |
| Total expenses | 3,645,872 | - | 3,645,872 | 3,388,579 | - | 3,388,579 |
| **Changes in net assets before investment income (loss)** | 7,599,910 | (81,500) | 7,518,410 | 2,806,461 | (680,500) | 2,125,961 |
| Investment income (loss), net | 5,242,446 | - | 5,242,446 | (5,530,536) | - | (5,530,536) |
| **Changes in net assets** | 12,842,356 | (81,500) | 12,760,856 | (2,724,075) | (680,500) | (3,404,575) |
| **Net assets** | | | | | | |
| Beginning of year | 40,561,298 | 181,500 | 40,742,798 | 43,285,373 | 862,000 | 44,147,373 |
| End of year | $ 53,403,654 | $ 100,000 | $ 53,503,654 | $ 40,561,298 | $ 181,500 | $ 40,742,798 |

See accompanying notes to financial statements.

# CIA OFFICERS MEMORIAL FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

## YEAR ENDED DECEMBER 31, 2023

| | | Supporting Services | | |
|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total |
| Scholarship grants | $ 1,581,516 | $ - | $ - | $ 1,581,516 |
| Non-scholarships grants | 166,374 | - | - | 166,374 |
| Salaries | 428,335 | 152,523 | 186,621 | 767,479 |
| Benefits | 523 | 179 | 218 | 920 |
| Professional fees | | | | |
| Legal | - | 72,066 | - | 72,066 |
| Consulting | 148,165 | 25,863 | - | 174,028 |
| Other | - | 19,500 | 140,992 | 160,492 |
| Catering and rentals | - | - | 448,127 | 448,127 |
| Bank fees and other | 45 | 3,365 | - | 3,410 |
| Printing | - | 1,212 | 33,010 | 34,222 |
| Information technology | - | 15,438 | - | 15,438 |
| Payroll taxes | 31,469 | 11,222 | 13,734 | 56,425 |
| Office expense | 5,259 | 14,045 | 34,339 | 53,643 |
| Travel | 9,695 | - | 14,316 | 24,011 |
| Occupancy | 33,981 | 11,327 | 14,308 | 59,616 |
| Licenses/fees | - | 17,440 | 6,844 | 24,284 |
| Insurance | 1,928 | 643 | 812 | 3,383 |
| Depreciation | 249 | 84 | 105 | 438 |
| Total | $ 2,407,539 | $ 344,907 | $ 893,426 | $ 3,645,872 |

# CIA OFFICERS MEMORIAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

| | Program Services | Support Services: Management and General | Support Services: Fundraising | Total |
|---|---|---|---|---|
| Scholarships grants | $ 1,265,196 | $ - | $ - | $ 1,265,196 |
| Non-scholarships grants | 89,186 | - | - | 89,186 |
| Salaries | 401,987 | 117,497 | 140,944 | 660,428 |
| Benefits | 516 | 146 | 175 | 837 |
| Professional fees | | | | |
| Legal | - | 47,887 | - | 47,887 |
| Consulting | 41,847 | 28,320 | - | 70,167 |
| Other | - | 15,000 | 15,395 | 30,395 |
| Credit loss expense | - | 750,000 | - | 750,000 |
| Catering and rentals | - | - | 287,359 | 287,359 |
| Bank fees and other | 122 | 2,863 | - | 2,985 |
| Printing | - | 1,716 | 23,959 | 25,675 |
| Information technology | - | 7,595 | - | 7,595 |
| Payroll taxes | 29,464 | 8,622 | 10,345 | 48,431 |
| Office expense | 10,227 | 19,599 | 11,773 | 41,599 |
| Travel | 8,238 | - | 5,060 | 13,298 |
| Occupancy | 17,573 | 4,819 | 5,952 | 28,344 |
| Licenses/fees | - | 12,497 | 2,368 | 14,865 |
| Insurance | 2,107 | 578 | 714 | 3,399 |
| Depreciation | 578 | 159 | 196 | 933 |
| Total | $ 1,867,041 | $ 1,017,298 | $ 504,240 | $ 3,388,579 |

## CIA OFFICERS MEMORIAL FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 12,760,856 | $ (3,404,575) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 438 | 933 |
| Credit loss expense | - | 750,000 |
| Net (appreciation) depreciation in fair value of investments | (3,971,131) | 6,481,890 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 8,110 | (2,956) |
| Pledges receivable | 486,131 | (91,901) |
| Prepaid expenses | (6,779) | 17,490 |
| Accounts payable and accrued expenses | 30,255 | 34,856 |
| Deferred revenue | (1,000) | 1,000 |
| Net cash provided by operating activities | 9,306,880 | 3,786,737 |
| **Cash flows from investing activities** | | |
| Purchase of investments | (10,195,387) | (8,632,477) |
| Proceeds from sale of investments | 4,635,326 | 5,178,444 |
| Purchases of property and equipment | (2,625) | - |
| Net cash used for investing activities | (5,562,686) | (3,454,033) |
| **Net change in cash and cash equivalents** | 3,744,194 | 332,704 |
| **Cash and cash equivalents** | | |
| Beginning of year | 4,635,011 | 4,302,307 |
| End of year | $ 8,379,205 | $ 4,635,011 |

See accompanying notes to financial statements.

## NOTE 1. ORGANIZATION

CIA Officers Memorial Foundation (the Foundation) was incorporated in 2001. The core mission of the CIA Officers Memorial Foundation is to provide undergraduate and graduate degree scholarships and associated funding for eligible dependents of CIA officers who die while on active-duty status. The Foundation also covers counseling services for the students, and provides emergency cash payments to the families upon the death of an employee to help defray immediate expenses, such as funeral costs, travel, and lodging, etc. In addition, the Foundation considers providing direct support as needed to officers wounded while on assignment in designated war zones and offers scholarship assistance to their dependents as well. In 2019, the Foundation established a daycare program to assist eligible families with childcare costs. In 2021, the Foundation established the Career Services Program to assist eligible students in finding internship and full-time employment opportunities.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The accompanying financial statements are presented in accordance with the accrual method of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, 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.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Cash and Cash Equivalents** - The Foundation considers amounts available for immediate withdrawal from bank accounts and all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

**Pledge and Contributions Receivable** - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions restricted by donors are initially recorded as an increase in support with donor restrictions and reclassified to net assets without donor restrictions when the time restrictions expire, or purpose restrictions are met. With donor restrictions, contributions are reported as without donor restrictions revenue if the restriction is met in the same calendar year that the contribution is received. An allowance for expected credit loss was not considered necessary at December 31, 2023 and 2022.

**Property and Equipment** - Property and equipment purchased or donated with a value in excess of the Foundation's capitalization threshold of $1,000 is capitalized when acquired, recorded at cost (or fair market value in the case of donated property) and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvement costs are capitalized and amortized using the straight-line method over the term of the lease or useful life, whichever is shorter. Costs of repairing and maintaining equipment and amounts below the capitalization threshold are not capitalized and are included in expenses.

**Investment Valuation and Income Recognition** - Investments consisting of amounts held in short-term cash reserves and invested in equities and fixed income funds are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is reported on the accrual basis. Dividends are reported on the ex-dividend date. Unrealized gains (losses) resulting from increases (decreases) in fair value of shares held as well as the net realized gains (losses) arising from sales of investments are included in the statements of activities as an increase or decrease in net assets without donor restrictions from investment income.

**Revenue Recognition** - Revenue from contracts with customers consists primarily of event registrations and related fees.

Special events revenue and registration fees are recognized in the year in which the related events or conferences are held. Amounts other than donations, collected for future events, are classified as deferred revenue in the accompanying statements of financial position.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Contributed Nonfinancial Assets** - Donated services are recognized as contributions, in accordance with authoritative guidance, if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are performed by individuals with those skills and would otherwise be purchased by the Foundation. Donated space, food and beverage, supplies and software licenses are recognized as contributions as they would otherwise need to be purchased by the Foundation.

**Income Taxes** - The Foundation is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Business income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

The Foundation accounts for income taxes in accordance with ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertain tax positions for the years ended December 31, 2023 and 2022, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2023, the statute of limitations for tax years 2020 through 2022 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Foundation files returns.

**Functional Allocation of Expenses** - The costs of providing the various programs and supporting activities of the Foundation have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies.

**Concentration of Credit Risk** - Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and cash equivalents, investments, accounts receivable, and pledges receivable.

Management believes the risk of loss associated with cash and cash equivalents is low because cash and cash equivalents are maintained in financial institutions. However, at various times throughout the year, including year-end, the Foundation had cash and cash equivalents on deposit in one financial institution in amounts that exceed the federally insured amount.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation invests in a professionally managed portfolio that contains marketable equity, bond mutual funds and alternative investments. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the values of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

The following table represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Total assets at end of year | $ 53,573,910 | $ 40,783,799 |
| Less: non financial assets | | |
| Prepaid expenses | (9,867) | (3,088) |
| Net property and equipment | (2,187) | - |
| Total financial assets at end of year | 53,561,856 | 40,780,711 |
| Less: amounts not available to meet general expenditures coming due within one year | | |
| Time restricted net assets due in excess of one year | (25,000) | (100,000) |
| Purpose restricted net assets | - | (6,500) |
| Financial assets available to meet general expenditures coming due in the next year | $ 53,536,856 | $ 40,674,211 |

## NOTE 4. CONTRACT BALANCES

All of the Foundation's contract assets are considered accounts receivable and are included within the accounts receivable balance in the statements of financial position. All of the Foundation's contract liabilities are included with deferred revenue in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2023 and 2022 are indicated as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Accounts receivable | $ 45,871 | $ 53,981 | $ 51,025 |
| Deferred revenue | $ - | $ 1,000 | $ - |

## NOTE 5. PLEDGES AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2023 and 2022, pledges and contributions receivable consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Amounts due in | | |
| 2023 | $ - | $ 1,673,867 |
| 2024 | 1,262,736 | 75,000 |
| 2025 | 25,000 | 25,000 |
| | $ 1,287,736 | $ 1,773,867 |

Discounting the long-term pledges receivable is not considered necessary as the effect on the financial statements is immaterial.

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

For the years ended December 31, 2023 and 2022, total investment income (loss) consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Dividends and interest, net | $ 1,271,315 | $ 951,354 |
| Realized gain (loss) | 51,972 | (6,226) |
| Unrealized gain (loss) | 3,919,159 | (6,475,664) |
| Total investment income (loss), net | $ 5,242,446 | $ (5,530,536) |

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2023:

| Description | 12/31/23 Total | Quoted Market Price for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Domestic equities | $ 9,129,895 | $ 9,129,895 | $ - | $ - |
| Mutual funds | 28,775,015 | 28,775,015 | - | - |
| Short-term investments | 378,433 | 378,433 | - | - |
| Total | 38,283,343 | $ 38,283,343 | $ - | $ - |
| Investments measured at net asset value* | 5,565,701 | | | |
| | $ 43,849,044 | | | |

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022:

| Description | 12/31/22 Total | Quoted Market Price for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Domestic equities | $ 7,181,831 | $ 7,181,831 | $ - | $ - |
| Mutual funds | 22,767,000 | 22,767,000 | - | - |
| Short-term investments | 285,213 | 285,213 | - | - |
| Total | 30,234,044 | $ 30,234,044 | $ - | $ - |
| Investments measured at net asset value* | 4,083,808 | | | |
| | $ 34,317,852 | | | |

*In accordance with ASC, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented on this table and the table on the prior page are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

*Domestic equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Mutual funds are valued at the net asset value that represents the market value of the assets less liability. Assets valued at net asset value are reported on the active market on which the individual securities are traded.

*Short-term investments:* Short-term (generally less than three months), highly liquid investments that are convertible to known amounts of cash.

*Alternative Investments:* The investments in alternative funds are valued based on the fund managers' estimation of fair value, which is based on the Foundation's pro-rata share of the fund's capital balance.

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Authoritative guidance on fair value measurements permits the Foundation to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the net asset value (NAV) per share of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV. The Foundation's investment in these investment entities is subject to the terms of the respective agreements. Income or loss from investments in these investment entities is net of the Foundation's proportionate share of fees and expenses incurred or charged by these investment entities.

The following tables summarize the Foundation's investment in certain entities that calculate net asset value per share as fair value measurements as of December 31, 2023 and 2022:

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Limited partnerships | $ 3,218,880 | $ - | Monthly | 90 Days' Notice |
| Closed-end investment fund | 1,200,000 | - | Quarterly | 90 Days' Notice |
| Hedge funds | 1,146,821 | 965,000 | Quarterly | 95 Days' Notice |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Limited partnerships | $ 3,026,062 | $ - | Monthly | 90 Days' Notice |
| Hedge funds | 1,057,746 | 965,000 | Quarterly | 95 Days' Notice |

The following summarizes the investment strategy for each of the Foundation's investments in the table presented above:

Limited partnerships: The Foundation's investment in limited partnerships is comprised of a single investment. The fund's investment objective is to seek capital appreciation with limited variability of returns. This partnership attempts to achieve this objective by allocating capital among a number of pooled investment vehicles. An independent investment manager manages each pursuant to various alternative investment strategies, including relative value; market neutral and hedged equity; event-driven; and distressed credit securities.

Closed-end investment fund: The Foundation's investments in closed-end investment funds is comprised of a single investment. The fund is a private credit solution that seeks to generate current income, the potential for capital appreciation and attractive risk-adjusted returns through market cycles. This fund primarily invests in directly originated, senior secured, floating rate loans to U.S. companies.

## NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Hedge funds: The Foundation's investment in hedge funds is comprised of a single investment. The fund is a multi-strategy hedge fund and seeks to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities, and engaging in a broad array of trading and investment strategies. The core strategies of the fund currently include relative value fundamental equity, equity arbitrage, quantitative strategies and fixed income strategies.

## NOTE 7. PROPERTY AND EQUIPMENT

The property and equipment held by the Foundation consisted of the following components at December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Furniture and equipment | $ 11,026 | $ 8,401 |
| Less: accumulated depreciation and amortization | (8,839) | (8,401) |
| Net property and equipment | $ 2,187 | $ - |

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was $438 and $933, respectively.

## NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions result from gifts of cash or other assets with donor-imposed restrictions that require that such resources be used in a later period or after a specified date or that the resources be used for a specified purpose. The restricted funds are released from restrictions when the specified date passes, or amounts are expended for the purpose specified.

Unconditional promises to give a contribution in a future year are not available until the actual contribution is received, and accordingly, are included in net assets with donor restrictions until received. Unconditional promises to give are reported as net assets without donor restrictions when the donor's intention is to support current-period activities.

## NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Uncollected pledges from special events are considered purpose restricted and are classified as net assets with donor restrictions. The uncollected pledges for the annual dinner and other special events are paid in the following calendar year and are considered purpose restricted and, as such, are classified as net assets with donor restrictions.

| | 2023 | 2022 |
|---|---|---|
| Grants and contributions | $ 100,000 | $ 175,000 |
| Annual dinner | - | 6,500 |
| Total | $ 100,000 | $ 181,500 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors:

| | 2023 | 2022 |
|---|---|---|
| Time restrictions expired | $ 75,000 | $ 37,000 |
| Purpose restrictions expired | 6,500 | 750,000 |
| Total | $ 81,500 | $ 787,000 |

Included in the amount of net assets released from restriction during the year ended December 31, 2022 is $750,000 of credit loss expense for a prior year pledge that was deemed uncollectible.

## NOTE 9. CONCENTRATION OF CREDIT RISK

Funds on deposit with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2023, the Foundation had cash balances on deposit that exceeded the amounts insured by the FDIC, by approximately $8,244,000.

## NOTE 10. ENDOWMENT FUND

During the year ended December 31, 2023, the Board of Directors designated $4,470,000 of net assets without donor restrictions as an addition to its general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as without donor restrictions net assets.

## NOTE 10. ENDOWMENT FUND (CONTINUED)

***Endowment Composition***

**Interpretation of Relevant Law** - The Uniform Prudent Management of Institutional Fund Act (UPMIFA) was adopted by the State of Virginia in 2008. The Foundation interprets UPMIFA as requiring the preservation of the fair value of the original amount as of the date of the board designated reserve funds absent explicit stipulations to the contrary. As a result of this interpretation, the Foundation classifies as board designated net assets the original value of the reserve funds and accumulations to the reserve funds made in accordance with the direction of the applicable designation at the time the accumulation is added to the funds.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate board designated reserve funds:

- The durations and preservation of the fund;
- The purposes of the board designated reserve fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

**Investment Policies** - The Board of Directors (the Board) of the Foundation are charged with the responsibility of managing the assets of the Foundation. The overall goal in managing these funds is to generate a long-term total rate of return that provides sustainable distributions to support the mission within reasonable levels of risk.

The Board believes their role is one of setting and reviewing policy and retaining, monitoring, and evaluating advisers and investment managers. It is the Board's desire to find ways to invest these funds in accordance with the principles of the Foundation. The Board will review the investment policy statement at least annually.

The primary financial objectives of the investment funds (Funds) are to provide a stream of relatively stable and constant earnings in support of annual budgetary needs and preserve and enhance the real (inflation-adjusted) purchasing power of the Funds.

The endowment is held in investments in cash equivalents, equities, mutual funds and alternative investments and is included in investments in the accompanying statements of financial position. It is the intention of the Board that the funds allocated to the endowment remain there indefinitely. However, at this time, the funds may, upon approval by the Board, be withdrawn to sustain the Foundation's operations.

## NOTE 10. ENDOWMENT FUND (CONTINUED)

The objective of this reserve fund is to provide for long-term financial stability of the Foundation's core mission. To achieve that objective, the Foundation invests in a well-diversified asset mix, which includes equities, debt securities, alternative investments and cash equivalents which is intended to result in a consistent inflation-protected rate of return while growing the fund if possible. Investment risk is measured in terms of the total reserve fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the year ended December 31, 2023 were as follows:

| | |
|---|---|
| Board-designated endowment net assets, beginning of year | $ 34,317,852 |
| Funds designated by the Board during the year | 4,470,000 |
| Dividends and interest | 1,251,555 |
| Net appreciation (depreciation) | 3,971,046 |
| Amounts appropriated for expenditures | (161,409) |
| Board-designated endowment net assets, end of year | $ 43,849,044 |

## NOTE 11. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets are recorded at estimated fair value as contributed nonfinancial assets in the statements of activities. Contributed nonfinancial assets did not have donor-imposed restrictions. Donated services, rent/meeting space, food and beverage and supplies were utilized in various program, management and general and fundraising activities.

Contributed nonfinancial assets consisted of the following for the years ended December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Services | $ 291,855 | $ 95,854 |
| Rent/meeting space | 64,116 | 32,844 |
| Food and beverage | 25,419 | 14,796 |
| Supplies | 228 | 788 |
| Software licenses | 5,760 | - |
| | $ 387,378 | $ 144,282 |

## NOTE 11. CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

**Services:** Contributions of donated services that either create or enhance nonfinancial assets or that require specialized skills were provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services are recorded at fair value in the period received. Donated services are provided by professional or technical personnel, consultants and other skilled labor and are an integral and necessary part of activities. Donated services are valued at billing rates consistent with those paid for similar work at the Foundation. Contributions of donated services were used in various program, management and general, and fundraising activities.

**Rent/meeting space:** Contributed rent and meeting space is estimated at the fair value of comparable space and facilities. Contributed rent and meeting space was used for management and general activities, a portion of which is allocated to other program and support service functions on the statements of functional expenses.

**Food and beverage, supplies and software licenses:** Contributed food and beverage, supplies and software licenses are estimated at the fair value, generally supported by receipts or documentation from the vendor or donor. Contributed food and beverage was used for both management and general and fundraising activities. Donated supplies were used for fundraising activities. Software licenses were used for management and general activities.

## NOTE 12. SPECIAL EVENTS

Revenue and expenses relating to fundraising events were as follows:

| | 2023 | 2022 |
|---|---|---|
| Contributions and fundraising revenue | $ 8,198,068 | $ 2,523,129 |
| Direct expenses | (893,426) | (504,240) |
| Total | $ 7,304,642 | $ 2,018,889 |

Included above is the activity related to the Annual Dinner. During the years ended December 31, 2023 and 2022, the Foundation generated revenue from the Annual Dinner in the amounts of $1,542,333 and $1,525,465, respectively, and incurred direct expenses of $224,585 and $289,220, respectively. Included in the revenue from the annual dinner is $26,631 and $29,804 received in stock donations for the years ended December 31, 2023 and 2022, respectively.

## NOTE 13. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through July 31, 2024, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.