

ACT for Alexandria

Financial Report
December 31, 2020

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Independent Auditor's Report

Board of Directors
ACT for Alexandria

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of ACT as of December 31, 2019 and for the year then ended were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACT for Alexandria 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of ACT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACT's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
September 8, 2021

ACT for Alexandria

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 593,758	\$ 561,553
Amounts held by third party	2,906,809	2,570,638
Investments	17,324,634	15,437,262
Prepaid expenses and other assets	32,342	9,371
Property and equipment, net	6,013	5,555
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Total assets	\$ 20,863,556	\$ 18,584,379
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Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 75,485	\$ 63,565
Grants payable	163,069	22,750
Paycheck Protection Program note payable	84,752	-
Deferred rent	5,357	-
	<hr/>	<hr/>
Total liabilities	328,663	86,315
	<hr/> <hr/>	<hr/> <hr/>
Commitments and contingencies (Notes 2, 8 and 10)		
Net assets:		
Without donor restrictions:		
Operating funds	516,533	219,901
Community funds	2,298,262	1,724,639
Donor-advised funds	17,342,090	16,469,203
	<hr/>	<hr/>
	20,156,885	18,413,743
	<hr/> <hr/>	<hr/> <hr/>
With donor restrictions	378,008	84,321
Total net assets	20,534,893	18,498,064
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Total liabilities and net assets	\$ 20,863,556	\$ 18,584,379
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See notes to financial statements.

ACT for Alexandria

**Statements of Activities
Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 9,039,815	\$ 1,301,740	\$ 10,341,555	\$ 3,200,208	\$ 66,900	\$ 3,267,108
Investment income	1,752,976	9,393	1,762,369	2,474,492	39,261	2,513,753
Special events	120,421	-	120,421	77,736	-	77,736
Other income	265,305	-	265,305	3,679	-	3,679
Net assets released from restriction	1,017,446	(1,017,446)	-	27,118	(27,118)	-
Total support and revenue	12,195,963	293,687	12,489,650	5,783,233	79,043	5,862,276
Expenses:						
Program services	9,551,080	-	9,551,080	2,513,537	-	2,513,537
Supporting services:						
Management and general	380,229	-	380,229	401,846	-	401,846
Fundraising	521,512	-	521,512	499,025	-	499,025
Total expenses	10,452,821	-	10,452,821	3,414,408	-	3,414,408
Change in net assets	1,743,142	293,687	2,036,829	2,368,825	79,043	2,447,868
Net assets:						
Beginning	18,413,743	84,321	18,498,064	16,044,918	5,278	16,050,196
Ending	\$ 20,156,885	\$ 378,008	\$ 20,534,893	\$ 18,413,743	\$ 84,321	\$ 18,498,064

See notes to financial statements.

ACT for Alexandria

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

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 229,213	\$ 157,564	\$ 189,833	\$ 576,610
Legal	-	125	-	125
Professional services	29,469	84,019	11,983	125,471
Consultants	40,541	28,895	106,600	176,036
Printing, postage and delivery	960	660	795	2,415
Miscellaneous	7,399	2,086	6,127	15,612
Telephone	2,256	1,551	1,869	5,676
Equipment and maintenance	887	610	734	2,231
Rent	17,791	12,230	14,735	44,756
Insurance	-	3,508	-	3,508
Travel	386	266	320	972
Conferences and meetings	559,533	79,248	167,880	806,661
Marketing	39,520	-	9,229	48,749
Subscriptions	12,197	8,384	10,102	30,683
Grants	8,609,353	-	-	8,609,353
Depreciation	1,575	1,083	1,305	3,963
Total expenses	\$ 9,551,080	\$ 380,229	\$ 521,512	\$ 10,452,821

See notes to financial statements.

ACT for Alexandria

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

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 223,517	\$ 178,587	\$ 131,862	\$ 533,966
Legal	-	125	-	125
Professional services	34,099	47,495	20,116	101,710
Consultants	146,793	117,285	86,599	350,677
Printing, postage and delivery	1,235	987	728	2,950
Miscellaneous	4,958	4,233	3,120	12,311
Telephone	3,568	2,851	2,105	8,524
Equipment and maintenance	1,058	845	624	2,527
Staff development and training	2,129	1,701	1,256	5,086
Rent	15,953	12,746	9,411	38,110
Insurance	-	3,646	-	3,646
Travel	5,500	4,394	3,244	13,138
Conferences and meetings	300,329	9,086	224,694	534,109
Marketing	125,416	7,869	7,885	141,170
Subscriptions	8,926	7,132	5,266	21,324
Grants	1,636,140	-	-	1,636,140
Depreciation	1,676	1,075	794	3,545
Project expenditures	2,240	1,789	1,321	5,350
Total expenses	\$ 2,513,537	\$ 401,846	\$ 499,025	\$ 3,414,408

See notes to financial statements.

ACT for Alexandria

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,036,829	\$ 2,447,868
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	3,963	3,545
Realized and unrealized gain on investments	(1,610,548)	(2,247,217)
Deferred rent	5,357	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Amounts held by third party	(336,171)	215,035
Prepaid expenses and other	(22,971)	14,470
Increase (decrease) in:		
Accounts payable	11,920	30,488
Grants payable	140,319	(282,850)
Net cash flows provided by operating activities	228,698	181,339
Cash flows from investing activities:		
Purchase of investments	(5,222,580)	(4,515,353)
Proceeds from sales of investments	4,945,756	4,369,874
Purchases of property and equipment	(4,421)	(2,631)
Net cash flows used in investing activities	(281,245)	(148,110)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	84,752	-
Net cash flows provided by financing activities	84,752	-
Net increase in cash and cash equivalents	32,205	33,229
Cash and cash equivalents:		
Beginning	561,553	528,324
Ending	\$ 593,758	\$ 561,553
Supplemental schedule of noncash investing and financing activities:		
Donated investments	\$ 583,057	\$ 1,303,382

See notes to financial statements.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: ACT for Alexandria (ACT) is a nonprofit organization that began operations in 2004, and was incorporated in Virginia in January 2009. ACT seeks to raise the level and effectiveness of giving and engagement for the benefit of all in Alexandria. Any person, corporation or foundation may establish a donor-advised fund with ACT to engage in activities consistent with ACT's charitable purposes. Donors can make recommendations regarding grants from their donor-advised funds; however, ACT's Board of Directors is legally responsible for the donor-advised funds and for the grants made from these funds.

In addition to managing the donor-advised fund program, ACT also supports local nonprofits through its capacity-building grant program. An annual grant process allows local nonprofits to apply for funds from ACT to assist them in improving their capacity to better deliver their services. As such, ACT does not directly fund the programs of local nonprofits, but instead seeks to strengthen the nonprofits so they may provide more and better services in their areas of expertise. ACT distributed \$184,383 and \$85,447 in grants through its community investment fund in 2020 and 2019, respectively.

A summary of ACT's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, ACT 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 without donor restrictions: Net assets without donor restrictions represent resources that are not subject to donor-imposed stipulations. Net assets without donor restrictions consist of the following types of internally designated funds:

Operating funds: Funds available for the general operations of ACT. As of December 31, 2020 and 2019, there is \$516,533 and \$219,901, respectively, in funds available for operations.

ACT community fund: Funds to support and strengthen existing programs, as well as create new collaborative solutions to the city of Alexandria's pressing needs. As of December 31, 2020 and 2019, there is \$2,298,262 (consisting of \$537,756 in designated funds, \$1,718,799 in field of interest funds and \$41,707 in scholarship funds) and \$1,724,639 (consisting of \$374,432 in designated funds, \$1,303,978 in field of interest funds and \$46,229 in scholarship funds), respectively, in funds designated by the donor for the community or other such programs.

Donor-advised funds: Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by ACT in making grants from these resources. As of December 31, 2020 and 2019, there is \$17,342,090 and \$16,469,203, respectively, of donor-advised funds.

Generally accepted accounting principles provide that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contribution must be classified as a net asset without donor restriction. ACT's Board of Directors has this ability (variance power). However, the Board intends to exercise this authority only if circumstances render the donor's restrictions inconsistent with the charitable needs of the community or incapable of fulfillment.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets with donor restrictions represent resources restricted by donors as to purpose or by the passage of time or whose use by ACT is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of ACT. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. ACT had net assets with donor restrictions of \$378,008 and \$84,321 at December 31, 2020 and 2019, respectively.

Cash and cash equivalents: ACT considers highly liquid investments with an original maturity of three months or less as cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that are held by third parties or that have been accounted for as investments.

Amounts held by third party: Amounts held by third party consist of ACT's interest in pooled cash accounts and money market funds. The pooled cash and money market funds are held by The Greater Kansas City Community Foundation and are available to ACT upon request.

Investments: Investments are reported at fair value. Realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by the donor or by law.

Financial risk: ACT maintains demand deposits with commercial banks and interests in pooled cash and money market funds held by others. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to ACT.

ACT invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements. By policy, these investments are kept within limits intended to prevent risks caused by concentration.

Investment in partnerships: ACT owns a minor interest in certain investment partnerships. These securities do not have a readily determinable fair value. Thus, ACT has elected to account for these securities at cost, with adjustments for impairment and certain observable price changes. There were no impairments or observable price changes during the years ended December 31, 2020 and 2019.

Property and equipment: Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is reported at fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Computer equipment	3-5
Furniture and fixtures	5

ACT's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred rent: ACT recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the statements of financial position.

Contributions and grants: Contributions and grants are recognized as support when promised unconditionally and are recorded net of any current year allowance or discount activity. ACT reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to ACT's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restriction. Contributions that are restricted by the donor are reported as net assets without donor restriction if the restriction expires in the same reporting period in which the contribution is recognized.

Donated goods and services: Donated goods and services are recorded at their estimated fair value on the date of receipt.

Special events: Revenue relating to special events held by ACT are recognized in the period the event takes place.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as salaries and benefits, consultants, printing, postage and delivery, telephone, miscellaneous expense, equipment and maintenance, staff development and training, rent, insurance, travel, conferences and meetings, events, subscriptions, depreciation and project expenditures have been allocated among programs and supporting services benefited based on level of effort.

Use of estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: ACT is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) on any net income derived from activities related to exempt purpose. This code section enables ACT to accept donations that qualify as charitable contributions to the donor. ACT has been classified under Section 509(a)(1) of the IRC as not a private foundation. ACT is subject to tax on net income from unrelated business activities. For the years ended December 31, 2020 and 2019, ACT did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

Adopted accounting pronouncements: During the year ended December 31, 2020, ACT adopted the guidance regarding contributions made from 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*. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions of this standard include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Based on ACT's review of its contributions made, the timing and amount of expense recognized previously is consistent with how expenses are recognized under this new standard. ACT adopted the guidance regarding contributions received from ASU 2018-08 during the year ended December 31, 2019.

ACT for Alexandria

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ACT adopted the provisions of ASU 2018-13 for the year ended December 31, 2020. The adoption of ASU 2018-13 had no impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. ACT adopted the new standard, as amended, effective for the year ended December 31, 2020, using the modified retrospective method. The adoption of this standard had no material impact on the financial statements.

Pending accounting pronouncement: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The standard is effective for periods ending after December 15, 2021, with early adoption permitted. ACT is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

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 requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU will be effective for ACT for the year ending December 31, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on ACT's financial statements.

Subsequent events: In preparing these financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through September 8, 2021, the date the financial statements were available to be issued

Note 2. Concentrations

Support concentration: For the year ended December 31, 2020, ACT received \$6,144,977 from two donors, which is approximately 61% of its total support and revenue. For the year ended December 31, 2019, ACT received \$1,709,776 from seven donors, which is approximately 55% of its total support and revenue. Any significant reduction in support from these donors may adversely impact ACT's financial position and ability to carry out its existing program activities.

ACT for Alexandria

Notes to Financial Statements

Note 3. Investments

In accordance with generally accepted accounting principles, ACT uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk:

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value on a recurring basis. Such investments consist of a diversified portfolio of individual and pooled securities in common stock, exchange-traded funds, corporate bonds and mutual funds.

The multi-asset fund consists of the TIFF Multi-Asset Fund (MAF) and is managed by The Investment Fund for Foundations (TIFF) Investment Program Inc. MAF's fair value is based on the net asset value provided by TIFF. Thus, the fund has been reported at net asset value (NAV) as a practical expedient. As such, the fund is not required to be classified in one of the levels prescribed by the fair value hierarchy.

MAF funds are redeemable on a daily basis, and there are no prior notice requirements. MAF seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index (CPI) plus 5% per annum. The fund seeks to achieve its objective through two principal means: (1) diversification across multiple asset classes and (2) active security selection.

As of December 31, 2020 and 2019, ACT was invested in minor interests of certain investment partnerships. These securities are presented at cost, with adjustments for impairment and certain observable price changes. Each partnership operates in accordance with the terms of a limited partnership agreement. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long-term horizon by employing a strategy under which the partnerships invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, private equity and venture capital investments).

Redemption of ACT's interests in the investment partnerships is generally permissible on a monthly or quarterly basis, with a 30- to 90-day notice. ACT had no unfunded commitments as of December 31, 2020 and 2019.

ACT holds interests in certain pooled investment funds that are administered by The Greater Kansas City Community Foundation. ACT presents its interest in these funds based on the values of the underlying investments. The pooled interest funds are not traded on an exchange. Thus, these investments are considered to be valued using Level 2 inputs.

ACT for Alexandria

Notes to Financial Statements

Note 3. Investments (Continued)

The following table presents ACT's fair value hierarchy for those assets measured at fair value at December 31, 2020 and 2019:

2020	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Mutual funds-domestic equity	\$ 4,947,565	\$ 4,947,565	\$ -	\$ -
Mutual funds-international equity	216,045	216,045	-	-
Mutual funds-emerging market equity	251,933	251,933	-	-
Mutual funds-domestic fixed income	1,728,453	1,728,453	-	-
Mutual funds-international fixed income	48,518	48,518	-	-
Mutual funds-emerging market fixed income	172,122	172,122	-	-
Domestic equities	1,684,913	1,684,913	-	-
Short-term fixed income pool - held by others	1,123,001	-	1,123,001	-
Intermediate fixed income pool - held by others	743,931	-	743,931	-
Domestic equity pool - held by others	1,536,106	-	1,536,106	-
International equity pool - held by others	552,642	-	552,642	-
International equities	221,733	221,733	-	-
Domestic ETF	180,515	180,515	-	-
International ETF	151,119	151,119	-	-
Commodity funds and other	158,405	158,405	-	-
	13,717,001	\$ 9,761,321	\$ 3,955,680	\$ -
Multi-asset fund - at NAV	2,007,326			
Limited partnership interests – at adjusted cost	819,735			
Money market funds – at cost	780,572			
	<u>\$ 17,324,634</u>			
2019	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Mutual funds-domestic equity	\$ 4,740,764	\$ 4,740,764	\$ -	\$ -
Mutual funds-international equity	510,871	510,871	-	-
Mutual funds-emerging market equity	227,986	227,986	-	-
Mutual funds-domestic fixed income	1,659,277	1,659,277	-	-
Mutual funds-international fixed income	29,916	29,916	-	-
Mutual funds-emerging market fixed income	147,195	147,195	-	-
Domestic equities	1,735,014	1,735,014	-	-
Short-term fixed income pool - held by others	870,980	-	870,980	-
Intermediate fixed income pool - held by others	498,752	-	498,752	-
Domestic equity pool - held by others	897,167	-	897,167	-
International equity pool - held by others	358,815	-	358,815	-
International equities	57,638	57,638	-	-
Domestic ETF	200,873	200,873	-	-
International ETF	141,036	141,036	-	-
Commodity funds and other	172,548	172,548	-	-
	12,248,832	\$ 9,623,118	\$ 2,625,714	\$ -
Multi-asset fund - at NAV	1,618,189			
Limited partnership interests – at adjusted cost	819,737			
Money market funds – at cost	750,504			
	<u>\$ 15,437,262</u>			

ACT for Alexandria

Notes to Financial Statements

Note 3. Investments (Continued)

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

	2020	2019
Interest and dividends	\$ 196,029	\$ 308,986
Realized and unrealized gains on investments	1,610,548	2,247,217
Investment management fees	(44,208)	(42,450)
	<u>\$ 1,762,369</u>	<u>\$ 2,513,753</u>

Note 4. Liquidity

ACT maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments. ACT reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of ACT's monthly financial reporting process. ACT's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 and 2019, are as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 593,758	\$ 561,553
Amounts held by third party	2,906,809	2,570,638
Investments	17,324,634	15,437,262
Total financial assets	<u>20,825,201</u>	<u>18,569,453</u>
Less amounts not available within one year:		
Community funds	(2,298,262)	(1,724,639)
Donor-advised funds	(17,342,090)	(16,469,203)
Purpose restricted net assets	(378,008)	(84,321)
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 806,841</u>	<u>\$ 291,290</u>

ACT for Alexandria

Notes to Financial Statements

Note 5. Paycheck Protection Program Loan

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, ACT applied for a Paycheck Protection Program (PPP) loan with the Small Business Administration (SBA) and received a loan of \$84,752 during the year ended December 31, 2020. The PPP loan has an interest rate of 1% per annum. The loan and related accrued interest are forgivable after 24 weeks if ACT used the proceeds for eligible purposes. ACT chose to account for the loan in accordance with ASC 470 and will record a gain on loan forgiveness in the period when official notification is received.

ACT was notified in March 2021 that the loan and accrued interest had been forgiven in full.

Note 6. Net Assets Without Donor Restrictions

Changes in net assets without donor restrictions for the years ended December 31, 2020 and 2019, were as follows:

	Balance December 31, 2019	Contributions to/ Investment Income	Grants/Other Expenses and Transfers	Balance December 31, 2020
Operating funds	\$ 219,901	\$ 1,197,843	\$ 901,211	\$ 516,533
Community funds	1,724,639	6,074,413	5,500,790	2,298,262
Donor-advised funds	16,469,203	3,612,117	2,739,230	17,342,090
	<u>\$ 18,413,743</u>	<u>\$ 10,884,373</u>	<u>\$ 9,141,231</u>	<u>\$ 20,156,885</u>

	Balance December 31, 2018	Contributions to/ Investment Income	Grants/Other Expenses and Transfers	Balance December 31, 2019
Operating funds	\$ 194,382	\$ 1,053,069	\$ 1,027,547	\$ 219,901
Community funds	1,715,691	785,788	776,840	1,724,639
Donor-advised funds	14,134,845	3,944,379	1,610,021	16,469,203
	<u>\$ 16,044,918</u>	<u>\$ 5,783,236</u>	<u>\$ 3,414,408</u>	<u>\$ 18,413,743</u>

ACT for Alexandria

Notes to Financial Statements

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 were available for the following research projects:

	Balance		Balance	
	December 31, 2019	Additions	Releases/Transfers	December 31, 2020
ACT ABLE Fund	\$ 5,266	\$ 11	\$ 2,180	\$ 3,097
ASF Scholarship Fund	67,523	10,452	1,230	76,745
ACT Now Fund	11,532	1,300,670	1,014,036	298,166
	<u>\$ 84,321</u>	<u>\$ 1,311,133</u>	<u>\$ 1,017,446</u>	<u>\$ 378,008</u>

	Balance		Balance	
	December 31, 2018	Additions	Releases/Transfers	December 31, 2019
ACT ABLE Fund	\$ 5,266	\$ -	\$ -	\$ 5,266
ASF Scholarship Fund	-	37,297	(30,226)	67,523
ACT Now Fund	12	68,864	57,344	11,532
	<u>\$ 5,278</u>	<u>\$ 106,161</u>	<u>\$ 27,118</u>	<u>\$ 84,321</u>

Note 8. Commitments

Office lease: In January 2017, ACT entered into a sub-lease agreement for office space which expired December 2019. The base monthly rent was \$2,800, and increased annually by 3%.

Effective January 2020, ACT leased office space at 201 Union Street, Alexandria, Virginia. This lease expires on December 2022. The lease contains abatements on February 2020, March 2020 and January 2022 rent.

Rental expense for the years ended December 31, 2020 and 2019, was \$44,136 and \$34,187, respectively.

Future minimum lease payments relating to the office leases are as follows:

Years ending December 31:

2021	\$ 47,932
2022	45,695
	<u>\$ 93,627</u>

Defined contribution plan: ACT sponsors a retirement plan covering all eligible full-time employees. The plan provides for an automatic 3% employer contribution and up to an additional 2% employer matching contribution of annual salary. For years ended December 31, 2020 and 2019, retirement expense totaled \$23,492 and \$19,285, respectively.

ACT for Alexandria

Notes to Financial Statements

Note 9. Donated Goods and Services

ACT receives donated professional services for marketing and promotional designs, parking services and various goods for events. These donated goods and services have been recorded in the financial statements at their estimated fair value in the statements of activities. For the years ended December 31, 2020 and 2019, donated goods and services totaled \$134,952 and \$139,260, respectively.

Note 10. COVID-19

The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including the geographic areas in which ACT operates. While ACT has endeavored to mitigate the financial impact to its operations, it is unknown how long these conditions will last. Accordingly, there could be negative impact to operations, the extent to which will depend on future developments which are highly uncertain and cannot be predicted, and as such cannot be determined.