

ACT for Alexandria

Financial Report
December 31, 2021

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Independent Auditor's Report

RSM US LLP

Board of Directors
ACT for Alexandria

Opinion

We have audited the financial statements of ACT for Alexandria (ACT), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 ACT as of December 31, 2021 and 2020, 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 ACT 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 ACT'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 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 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.

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 ACT'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 ACT'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.

RSM US LLP

McLean, Virginia
September 9, 2022

ACT for Alexandria

**Statements of Financial Position
December 31, 2021 and 2020**

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,629,333 | \$ 593,758 |
| Amounts held by third party | 2,488,974 | 2,906,809 |
| Investments | 19,827,668 | 17,324,634 |
| Grants and contributions receivable | 501,561 | - |
| Prepaid expenses and other assets | 62,791 | 32,342 |
| Property and equipment, net | 13,752 | 6,013 |
| | <hr/> | <hr/> |
| Total assets | \$ 25,524,079 | \$ 20,863,556 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable | \$ 67,898 | \$ 75,485 |
| Grants payable | 44,100 | 163,069 |
| Paycheck Protection Program note payable | - | 84,752 |
| Deferred rent | 1,559 | 5,357 |
| | <hr/> | <hr/> |
| Total liabilities | 113,557 | 328,663 |
| Commitments and contingencies (Notes 2 and 8) | | |
| Net assets: | | |
| Without donor restrictions: | | |
| Operating funds | 1,422,032 | 516,533 |
| Community funds | 3,331,070 | 2,298,262 |
| Donor-advised funds | 19,916,976 | 17,342,090 |
| | <hr/> | <hr/> |
| | 24,670,078 | 20,156,885 |
| With donor restrictions | 740,444 | 378,008 |
| | <hr/> | <hr/> |
| Total net assets | 25,410,522 | 20,534,893 |
| | <hr/> | <hr/> |
| Total liabilities and net assets | \$ 25,524,079 | \$ 20,863,556 |

See notes to financial statements.

ACT for Alexandria

**Statements of Activities
Years Ended December 31, 2021 and 2020**

| | 2021 | | | 2020 | | |
|--------------------------------------|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Contributions and grants | \$ 4,943,641 | \$ 799,154 | \$ 5,742,795 | \$ 9,039,815 | \$ 1,301,740 | \$ 10,341,555 |
| Investment income | 2,717,847 | 13,717 | 2,731,564 | 1,752,976 | 9,393 | 1,762,369 |
| Special events | 58,908 | - | 58,908 | 120,421 | - | 120,421 |
| Other income | 333,221 | - | 333,221 | 265,305 | - | 265,305 |
| Net assets released from restriction | 450,435 | (450,435) | - | 1,017,446 | (1,017,446) | - |
| Total support and revenue | 8,504,052 | 362,436 | 8,866,488 | 12,195,963 | 293,687 | 12,489,650 |
| Expenses: | | | | | | |
| Program services - community support | 3,012,948 | - | 3,012,948 | 9,551,080 | - | 9,551,080 |
| Supporting services: | | | | | | |
| Management and general | 466,896 | - | 466,896 | 380,229 | - | 380,229 |
| Fundraising | 511,015 | - | 511,015 | 521,512 | - | 521,512 |
| Total expenses | 3,990,859 | - | 3,990,859 | 10,452,821 | - | 10,452,821 |
| Change in net assets | 4,513,193 | 362,436 | 4,875,629 | 1,743,142 | 293,687 | 2,036,829 |
| Net assets: | | | | | | |
| Beginning | 20,156,885 | 378,008 | 20,534,893 | 18,413,743 | 84,321 | 18,498,064 |
| Ending | \$ 24,670,078 | \$ 740,444 | \$ 25,410,522 | \$ 20,156,885 | \$ 378,008 | \$ 20,534,893 |

See notes to financial statements.

ACT for Alexandria

**Statement of Functional Expenses
Year Ended December 31, 2021**

| | Community Support | Management and General | Fundraising | Total |
|--------------------------------|------------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and benefits | \$ 271,406 | \$ 200,929 | \$ 203,844 | \$ 676,179 |
| Professional services | 72,577 | 125,501 | 47,584 | 245,662 |
| Consultants | 22,165 | 24,155 | 75,710 | 122,030 |
| Printing, postage and delivery | 946 | 700 | 710 | 2,356 |
| Miscellaneous | 6,331 | 4,682 | 4,750 | 15,763 |
| Telephone | 2,779 | 2,055 | 2,085 | 6,919 |
| Equipment and maintenance | 1,269 | 939 | 952 | 3,160 |
| Rent | 17,725 | 13,108 | 13,298 | 44,131 |
| Insurance | - | 3,764 | - | 3,764 |
| Travel | 3,951 | 2,922 | 2,964 | 9,837 |
| Conferences and meetings | 419,602 | 38,787 | 67,487 | 525,876 |
| Communications | 97,222 | 37,577 | 76,060 | 210,859 |
| Subscriptions | 14,071 | 10,405 | 14,179 | 38,655 |
| Grants | 2,081,048 | - | - | 2,081,048 |
| Depreciation | 1,856 | 1,372 | 1,392 | 4,620 |
| Total expenses | \$ 3,012,948 | \$ 466,896 | \$ 511,015 | \$ 3,990,859 |

See notes to financial statements.

ACT for Alexandria

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

| | Community Support | 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 |
| Communications | 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

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 4,875,629 | \$ 2,036,829 |
| Adjustments to reconcile change in net assets to net cash flows provided by operating activities: | | |
| Depreciation | 4,620 | 3,963 |
| Realized and unrealized gain on investments | (2,437,037) | (1,610,548) |
| Deferred rent | (3,798) | 5,357 |
| Forgiveness of Paycheck Protection Program loan | (84,752) | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Amounts held by third party | 417,835 | (336,171) |
| Grants, contributions and accounts receivable | (501,561) | - |
| Prepaid expenses and other | (30,449) | (22,971) |
| Increase (decrease) in: | | |
| Accounts payable | (7,587) | 11,920 |
| Grants payable | (118,969) | 140,319 |
| Net cash flows provided by operating activities | 2,113,931 | 228,698 |
| Cash flows from investing activities: | | |
| Purchases of investments | (4,480,314) | (5,222,580) |
| Proceeds from sales of investments | 4,414,317 | 4,945,756 |
| Purchases of property and equipment | (12,359) | (4,421) |
| Net cash flows used in investing activities | (78,356) | (281,245) |
| 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 | 2,035,575 | 32,205 |
| Cash and cash equivalents: | | |
| Beginning | 593,758 | 561,553 |
| Ending | \$ 2,629,333 | \$ 593,758 |
| Supplemental schedules of noncash investing and financing activities: | | |
| Donated investments, liquidated upon receipt | \$ 1,098,399 | \$ 583,057 |
| Forgiveness of Paycheck Protection Program loan | \$ 84,752 | \$ - |

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 activities, ACT supports local nonprofits through its capacity-building grants. 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 \$287,536 and \$184,383 in grants through its community investment fund in 2021 and 2020, 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, 2021 and 2020, there is \$1,422,032 and \$516,533, 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, 2021 and 2020, there is \$3,331,070 (consisting of \$1,314,146 in designated funds, \$1,974,044 in field of interest funds and \$42,880 in scholarship funds) and \$2,298,262 (consisting of \$537,756 in designated funds, \$1,718,799 in field of interest funds and \$41,707 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 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, 2021 and 2020, there is \$19,916,976 and \$17,342,090, respectively, of donor-advised funds.

Generally accepted accounting principles (GAAP) 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 \$740,444 and \$378,008 at December 31, 2021 and 2020, 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 a 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. For such securities held as of the end of the applicable year, there were no impairments or observable price changes during the years ended December 31, 2021 and 2020.

Grants and contributions receivable: Grants and contributions receivable are recorded at their net realizable value and are due within one year. Management determines the allowance for doubtful accounts based on historical experience and an assessment of economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no allowance for doubtful accounts at December, 2021 and 2020.

ACT for Alexandria

Notes to Financial Statements

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

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.

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. ACT reports donor-restricted support that was initially received as a conditional contribution as net assets without donor restrictions when the donor-imposed conditions and restrictions are met simultaneously.

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 GAAP 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.

ACT for Alexandria

Notes to Financial Statements

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

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, 2021 and 2020, ACT did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

Pending accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (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. This ASU will be effective for ACT for the year ending December 31, 2022. 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.

Reclassifications: Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

Subsequent events: In preparing these financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through September 9, 2022, the date the financial statements were available to be issued

Note 2. Concentrations

Support concentration: For the year ended December 31, 2021, ACT received \$2,272,583 from five donors, which is approximately 41% of its total support and revenue. 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. 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 GAAP, 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 (NAV) provided by TIFF. Thus, the fund has been reported at 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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020:

| 2021 | Total | Level 1 | Level 2 | Level 3 |
|--|----------------------|---------------|--------------|---------|
| Investments, at fair value: | | | | |
| Mutual funds—domestic equity | \$ 5,846,338 | \$ 5,846,338 | \$ - | \$ - |
| Mutual funds—international equity | 236,205 | 236,205 | - | - |
| Mutual funds—emerging market equity | 305,562 | 305,562 | - | - |
| Mutual funds—domestic fixed income | 1,603,496 | 1,603,496 | - | - |
| Mutual funds—international fixed income | 59,782 | 59,782 | - | - |
| Mutual funds—emerging market fixed income | 339,870 | 339,870 | - | - |
| Domestic equities | 2,046,105 | 2,046,105 | - | - |
| Short-term fixed income pool—held by others | 1,207,506 | - | 1,207,506 | - |
| Intermediate fixed income pool—held by others | 507,583 | - | 507,583 | - |
| Domestic equity pool—held by others | 2,217,849 | - | 2,217,849 | - |
| International equity pool—held by others | 490,237 | - | 490,237 | - |
| International equities | 253,875 | 253,875 | - | - |
| Domestic ETF | 204,208 | 204,208 | - | - |
| International ETF | 325,201 | 325,201 | - | - |
| Commodity funds and other | 211,103 | 211,103 | - | - |
| | 15,854,920 | \$ 11,431,745 | \$ 4,423,175 | \$ - |
| Multi-asset fund—at NAV | 2,282,716 | | | |
| Limited partnership interests—at adjusted cost | 579,482 | | | |
| Money market funds—at cost | 1,110,550 | | | |
| | <u>\$ 19,827,668</u> | | | |
| | | | | |
| 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> | | | |

ACT for Alexandria

Notes to Financial Statements

Note 3. Investments (Continued)

Investment income is comprised of the following for the years ended December 31, 2021 and 2020:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Interest and dividends | \$ 343,056 | \$ 196,029 |
| Realized and unrealized gains on investments | 2,437,037 | 1,610,548 |
| Investment management fees | (48,529) | (44,208) |
| | <u>\$ 2,731,564</u> | <u>\$ 1,762,369</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, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|---|---------------------|-------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 2,629,333 | \$ 593,758 |
| Amounts held by third party | 2,488,974 | 2,906,809 |
| Investments | 19,827,668 | 17,324,634 |
| Grants and contributions receivable | 501,561 | - |
| Total financial assets | <u>25,447,536</u> | <u>20,825,201</u> |
| Less amounts not available within one year: | | |
| Community funds | (3,331,070) | (2,298,262) |
| Donor-advised funds | (19,916,976) | (17,342,090) |
| Purpose restricted net assets | <u>(740,444)</u> | <u>(378,008)</u> |
| Financial assets available within one year to meet cash needs for general expenditures within one year | <u>\$ 1,459,046</u> | <u>\$ 806,841</u> |

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 had an interest rate of 1% per annum. The loan and related accrued interest were forgivable after 24 weeks if ACT used the proceeds for eligible purposes.

ACT was notified in March 2021 that the loan and accrued interest had been forgiven in full. ACT chose to account for the loan in accordance with ASC 470 and recorded a gain on loan forgiveness during 2021 when official notification of loan forgiveness was received.

ACT for Alexandria

Notes to Financial Statements

Note 6. Net Assets Without Donor Restrictions

Changes in net assets without donor restrictions for the years ended December 31, 2021 and 2020, were as follows:

| | 2021 | | | |
|---------------------|------------------------------|---|---|------------------------------|
| | Balance December 31, 2020 | Contributions to/ Investment Income | Grants/Other Expenses and Transfers | Balance December 31, 2021 |
| Operating funds | \$ 516,533 | \$ 1,959,914 | \$ 1,054,415 | \$ 1,422,032 |
| Community funds | 2,298,262 | 1,798,185 | 765,377 | 3,331,070 |
| Donor-advised funds | 17,342,090 | 4,295,518 | 1,720,632 | 19,916,976 |
| | <u>\$ 20,156,885</u> | <u>\$ 8,053,617</u> | <u>\$ 3,540,424</u> | <u>\$ 24,670,078</u> |

| | 2020 | | | |
|---------------------|------------------------------|---|---|------------------------------|
| | Balance December 31, 2019 | Contributions to/ Investment Income | Grants/Other Expenses and Transfers | Balance December 31, 2020 |
| Operating funds | \$ 219,901 | \$ 1,491,987 | \$ 1,195,355 | \$ 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>\$ 11,178,517</u> | <u>\$ 9,435,375</u> | <u>\$ 20,156,885</u> |

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2021 and 2020, were available for the following projects:

| | Balance | | | Balance December 31, 2021 |
|----------------------|-------------------|-------------------|--------------------|------------------------------|
| | December 31, 2020 | Additions | Releases/Transfers | |
| ACT ABLE Fund | \$ 3,097 | \$ - | \$ - | \$ 3,097 |
| ASF Scholarship Fund | 76,745 | 28,817 | 6,402 | 99,160 |
| ACT Now Fund | 298,166 | 134,721 | 164,215 | 268,672 |
| Other Funds | - | 649,333 | 279,818 | 369,515 |
| | <u>\$ 378,008</u> | <u>\$ 812,871</u> | <u>\$ 450,435</u> | <u>\$ 740,444</u> |

| | Balance | | | Balance December 31, 2020 |
|----------------------|-------------------|---------------------|---------------------|------------------------------|
| | December 31, 2019 | Additions | Releases/Transfers | |
| 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> |

ACT for Alexandria

Notes to Financial Statements

Note 8. Commitments

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

Rental expense for the years ended December 31, 2021 and 2020, was \$44,130 and \$44,136, respectively.

The remaining anticipated future minimum lease payments relating to the office lease total \$46,695 for the year ending December 31, 2022.

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 the years ended December 31, 2021 and 2020, retirement expense totaled \$37,866 and \$23,492, respectively.

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, 2021 and 2020, donated goods and services totaled \$197,034 and \$134,952, respectively.