

# **Jamestown-Yorktown Foundation, Inc.**

Financial Statements

June 30, 2019 and 2018



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# JAMESTOWN-YORKTOWN FOUNDATION, INC.

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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Jamestown-Yorktown Foundation, Inc.  
Williamsburg, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Jamestown-Yorktown Foundation, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jamestown-Yorktown Foundation, Inc. as of June 30, 2019, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Prior Period Financial Statements**

The financial statements of Jamestown-Yorktown Foundation, Inc. as of June 30, 2018 were audited by other auditors whose report dated November 6, 2018, expressed an unmodified opinion on those statements.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

December 3, 2019  
Glen Allen, Virginia

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Statements of Financial Position  
June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 539,297	\$ 2,146,597
Investments	18,903,984	17,934,577
Promises to give, net	440,108	500,406
Prepaid expenses	<u>2,088</u>	<u>1,788</u>
Total current assets	19,885,477	20,583,368
Other assets:		
Promises to give, net - less current portion	<u>441,237</u>	<u>660,897</u>
Total assets	<u>\$ 20,326,714</u>	<u>\$ 21,244,265</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	<u>\$ 578,071</u>	<u>\$ 732,477</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,365,170	3,383,707
Board designated	<u>7,711,686</u>	<u>7,685,645</u>
Total without donor restrictions	11,076,856	11,069,352
With donor restrictions	<u>8,671,787</u>	<u>9,442,436</u>
Total net assets	<u>19,748,643</u>	<u>20,511,788</u>
Total liabilities and net assets	<u>\$ 20,326,714</u>	<u>\$ 21,244,265</u>

See accompanying notes to financial statements.

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Statements of Activities  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Annual fund support	\$ 806,038	\$ -	\$ 806,038
Contributions	150,000	677,710	827,710
Interest and dividends, net	153,065	77,185	230,250
Net unrealized and realized gains on investments	156,754	83,028	239,782
Program service revenue	<u>12,469</u>	<u>-</u>	<u>12,469</u>
Total revenue and support	<u>1,278,326</u>	<u>837,923</u>	<u>2,116,249</u>
 Net assets released from restrictions	 <u>1,608,572</u>	 <u>(1,608,572)</u>	 <u>-</u>
 Expenses:			
Program services	1,878,160	-	1,878,160
Supporting services:			
Management and general	533,936	-	533,936
Fundraising	<u>467,298</u>	<u>-</u>	<u>467,298</u>
Total expenses	<u>2,879,394</u>	<u>-</u>	<u>2,879,394</u>
 Change in net assets	 7,504	 (770,649)	 (763,145)
 Net assets, beginning of year	 <u>11,069,352</u>	 <u>9,442,436</u>	 <u>20,511,788</u>
 Net assets, end of year	 <u>\$ 11,076,856</u>	 <u>\$ 8,671,787</u>	 <u>\$ 19,748,643</u>

See accompanying notes to financial statements.

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Statements of Activities  
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Annual fund support	\$ 899,726	\$ -	\$ 899,726
Contributions	-	544,523	544,523
Interest and dividends, net	536,559	286,279	822,838
Net unrealized and realized gains on investments	244,179	137,887	382,066
Program service revenue	11,061	-	11,061
Total revenue and support	<u>1,691,525</u>	<u>968,689</u>	<u>2,660,214</u>
Net assets released from restrictions	<u>1,001,831</u>	<u>(1,001,831)</u>	<u>-</u>
Expenses:			
Program services	1,149,634	-	1,149,634
Supporting services:			
Management and general	434,955	-	434,955
Fundraising	480,865	-	480,865
Total expenses	<u>2,065,454</u>	<u>-</u>	<u>2,065,454</u>
Change in net assets	627,902	(33,142)	594,760
Net assets, beginning of year	<u>10,441,450</u>	<u>9,475,578</u>	<u>19,917,028</u>
Net assets, end of year	<u>\$ 11,069,352</u>	<u>\$ 9,442,436</u>	<u>\$ 20,511,788</u>

See accompanying notes to financial statements.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Statement of Functional Expenses Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants	\$ 277,597	\$ -	\$ -	\$ 277,597
Accounting	-	20,610	-	20,610
Acquisitions	188,534	-	-	188,534
Advertising and promotion	81,019	-	-	81,019
Awards and incentives	904	7,487	1,808	10,199
Direct fundraising	-	-	123,980	123,980
Events and exhibits	1,078,654	-	-	1,078,654
Insurance	-	14,352	-	14,352
Legal services	-	137,566	-	137,566
Management services	51,547	287,077	257,736	596,360
Office expenses	8,484	25,478	31,972	65,934
Travel	-	4,252	1,714	5,966
Other expenses	<u>191,421</u>	<u>37,114</u>	<u>50,088</u>	<u>278,623</u>
Total expenses	<u>\$ 1,878,160</u>	<u>\$ 533,936</u>	<u>\$ 467,298</u>	<u>\$ 2,879,394</u>

See accompanying notes to financial statements.



**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (763,145)	\$ 594,760
Adjustments to reconcile change in net assets to cash from operating activities:		
Reinvested interest and dividends	(230,250)	(822,838)
Net realized and unrealized gains on investments	(239,782)	(382,066)
Donor restricted contributions to endowment	-	(25,000)
Changes in operating assets and liabilities:		
Promises to give, net	279,958	516,733
Prepaid expenses	(300)	326,000
Accounts payable	<u>(154,406)</u>	<u>97,783</u>
 Net cash (used in) provided by operating activities	 <u>(1,107,925)</u>	 <u>305,372</u>
 Cash flow used in investing activities:		
Purchase of investments	<u>(499,375)</u>	<u>-</u>
 Cash flow from financing activities:		
Donor restricted contributions to endowment	<u>-</u>	<u>25,000</u>
 Net change in cash and cash equivalents	(1,607,300)	330,372
 Cash and cash equivalents, beginning of year	<u>2,146,597</u>	<u>1,816,225</u>
 Cash and cash equivalents, end of year	<u>\$ 539,297</u>	<u>\$ 2,146,597</u>
 Supplemental disclosure of noncash transactions:		
Gifts-in-kind	<u>\$ 16,330</u>	<u>\$ 29,328</u>

See accompanying notes to financial statements.

# JAMESTOWN-YORKTOWN FOUNDATION, INC.

## Notes to Financial Statements

### 1. **Organization and Nature of Business:**

Jamestown-Yorktown Foundation, Inc. (the “Foundation”) is a Virginia non-stock, non-profit corporation founded in 1999. The purpose of the Foundation is to supplement the activities of the Jamestown-Yorktown Foundation, an agency of the Commonwealth of Virginia (“Commonwealth”), which promotes and operates Jamestown Settlement and the American Revolution Museum at Yorktown. The Foundation’s basic activities consist of soliciting and collecting contributions, purchasing artifacts, sponsoring events and exhibits, and overseeing investments.

### 2. **Summary of Significant Accounting Policies:**

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

**Cash and Cash Equivalents:** The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments:** Investments with readily determinable fair values are stated at fair value. Net unrealized gains and losses and all gains and losses arising from the sale or other disposition of investments are accounted for in the statements of activities.

**Promises to Give:** Promises to give are recognized by the Foundation when a donor makes a promise to give that is in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable at year-end. The Foundation considers whether an allowance for promises to give is necessary based on historical and economic factors and other relevant information.

**Net Assets:** The financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets — net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

##### Net Assets, Continued:

***Net Assets Without Donor Restrictions*** – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Foundation. Donor-restricted contributions, sponsorships and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Board designated endowment funds as assessed by the Board of Directors are a component of net assets without donor restrictions and consists of amounts included within the endowment for use of future mission related projects. Additions to the board endowment funds occur as determined necessary by the Board of Directors and disbursements from the board endowment funds follow the endowment spending policy (see Note 10), but may depart from this policy if warranted by specific facts and circumstances at the discretion of the Board of Directors.

***Net Assets With Donor Restrictions*** – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions, or are restricted to investments in perpetuity. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Foundation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Newly Adopted Accounting Standard:** In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*” (Topic 958). The ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Foundation has adopted this ASU as of and for the year ended June 30, 2019. As a result, the Foundation changed the presentation of its net asset classes, added a statement of functional expenses, and expanded the note disclosures as required by the ASU. The Foundation has opted to not disclose liquidity and availability of information or an analysis of expenses by nature and function for 2018 as permitted under the ASU in the year of adoption.

**Contributions:** Contributions and support are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the fiscal year in which the contribution is recognized. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Amounts required to be maintained in perpetuity by the donor are reported as net assets with donor restrictions in the period received. A donor restriction expires when a time restriction ends or when the purpose for which it was intended is attained. Upon expirations, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as net assets released from restriction.

**Budgeting of Net Assets Without Donor Restrictions:** Revenue sources for the adopted net assets without donor restrictions budget shall be primarily comprised of, but not limited to, two sources: prior year annual fund collections and a draw on the board designated endowment. The draw on the endowment is calculated in accordance with adopted procedures described under the investment policy.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Gifts-in-Kind:** Gifts-in-kind items received by the Foundation are recorded as contributions along with a corresponding charge to expense or capitalized cost. During the years ended June 30, 2019 and 2018, \$16,330 and \$29,328, respectively, were received as gifts-in-kind.

**Payroll:** The Foundation's functions are performed by state employees of the Jamestown-Yorktown Foundation, a state agency. The Foundation reimburses the Commonwealth for a portion of the payroll costs incurred in the performance of Foundation activities. These activities are comprised predominantly of accounting and management functions.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Foundation to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

**Income Taxes:** The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

**Income Tax Uncertainties:** The Foundation follows the FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation is not currently under audit by any tax jurisdiction.

**Functional Expenses:** The Foundation allocates its expenses on a functional basis among its various programs and supporting services in the statement of functional expenses. Therefore, certain expenses have been allocated to programs and supporting services benefited based on a reasonable basis that is consistently applied. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Costs related to development personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position. All other costs are evaluated on a per invoice basis to determine what functions have been served. Currently, fundraising activities pertain to a major gift campaign, and represent an investment to generate cash in future years that is not yet measureable for purposes of determining rate of return on investment.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**Concentrations of Credit Risk:** Financial instruments which potentially expose the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, investments and promises to give. The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporations ("FDIC") covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured deposits.

Promises to give are from individuals, families, and other entities. The Foundation believes its credit risk related to these promises to give is limited due to the nature of its donor. However, the ability to collect receivables is affected by the general economic conditions. At June 30, 2019 and 2018, two donors comprised 64% and 37% of the net unconditional promises to give, respectively.

The Foundation invests in various investment securities, which are exposed to various risks, such as interest rate, credit, and overall volatility risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would affect the investment balances and the amount reported in the financial statements.

**Reclassifications:** Certain prior year balances have been reclassified to conform with the current year presentation.

**Subsequent Events:** Management has evaluated subsequent events through December 3, 2019, the date the financial statements were available for issuance, and has determined that no additional disclosures are necessary.

#### 3. Fair Value Measurements:

The Foundation follows FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under generally accepted accounting principles and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**3. Fair Value Measurements, Continued:**

- 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      Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets carried or disclosed at fair value:

**Mutual funds:** Valued at the net asset value ("NAV") of shares held at year end. As of June 30, 2019 and 2018, there are no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

**Unconditional promises to give:** Classified as Level 3 assets because they are measured at fair value using significant unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments and unconditional promises to give measured at fair value:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Multi-asset mutual fund	\$ -	\$18,903,984	\$ -	\$18,903,984
Unconditional promises to give	-	-	881,345	881,345
Total	\$ -	\$18,903,984	\$ 881,345	\$19,785,329

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**3. Fair Value Measurements, Continued:**

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Multi-asset mutual fund	\$ -	\$17,934,577	\$ -	\$17,934,577
Unconditional promises to give	-	-	1,161,303	1,161,303
Total	<u>\$ -</u>	<u>\$17,934,577</u>	<u>\$ 1,161,303</u>	<u>\$19,095,880</u>

The following table summarizes the changes to Level 3 assets for the years ended June 30, 2019 and 2018:

	2019	2018
Fair value, beginning of year	\$ 1,161,303	\$ 1,678,036
New promises to give	364,041	290,900
Promises to give payments and write-offs	(672,810)	(1,233,236)
Change in fair value and adjustments	28,811	425,603
Fair value, end of year	<u>\$ 881,345</u>	<u>\$ 1,161,303</u>

**4. Investments:**

The costs of investments and their related carrying values (market) by major investment type were as follows:

	June 30, 2019		
	Cost	Fair Value	Cumulative Unrealized Losses
Multi-asset mutual fund	<u>\$21,355,214</u>	<u>\$18,903,984</u>	<u>\$ (2,451,230)</u>



**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**4. Investments, Continued:**

	June 30, 2018		Cumulative Unrealized Losses
	Cost	Fair Value	
Multi-asset mutual fund	<u>\$19,701,807</u>	<u>\$17,934,577</u>	<u>\$ (1,767,230)</u>

The components of net investment income consisted of the following for the years ended June 30:

	2019	2018
Interest and dividends, net	\$ 230,250	\$ 822,838
Net realized gain on investments	923,782	1,627,106
Net unrealized loss on investments	<u>(684,000)</u>	<u>(1,245,040)</u>
Total investment income, net	<u>\$ 470,032</u>	<u>\$ 1,204,904</u>

**5. Collections:**

The Foundation has elected not to include collections of art and historical treasures in the financial statements since they become assets of the Commonwealth. These collections are comprised primarily of fine art and artifacts at Jamestown Settlement, the American Revolution Museum at Yorktown and the Central Support Center. Insurance coverage on collection items is included under the Commonwealth's blanket insurance program at no expense to the Foundation. The Foundation has a policy that proceeds generated from the sale of collection items will be used to acquire new items. During 2019 and 2018, collections in the amount of \$188,534 and \$107,938, respectively, were purchased by the Foundation and included in program services expense. There were no sales during 2019 and 2018.

**6. Promises to Give:**

Unconditional promises to give are reflected at the present value of estimated future cash flows using discount rates of 1.76% and 2.75% at June 30, 2019 and 2018, respectively.

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**6. Promises to Give, Continued:**

	<u>2019</u>	<u>2018</u>
Unconditional promises to give:		
Within one year	\$ 440,108	\$ 500,406
In one to five years	<u>464,036</u>	<u>712,507</u>
Total promises to give	904,144	1,212,913
Less: discount to net present value	(14,184)	(39,783)
Less: allowance for uncollectible promises	<u>(8,615)</u>	<u>(11,827)</u>
	881,345	1,161,303
Less: current portion	<u>440,108</u>	<u>500,406</u>
	<u>\$ 441,237</u>	<u>\$ 660,897</u>

The Foundation provides an allowance for unconditional promises to give equal to the estimated collection losses that may be incurred in the collection of the unconditional promises to give. The estimated losses are based on prior year experience and management's analysis of specific promises made.

At June 30, 2019, the Foundation had estimated conditional promises to give of up to \$11,197. At June 30, 2018, the Foundation had estimated conditional promises to give of up to \$16,750. Since these amounts represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met.

**7. Transfers to Commonwealth:**

During 2019 and 2018, the Foundation released from restriction certain net assets with donor restrictions and transferred the funds to the Commonwealth for certain projects they were overseeing. The funds released were for the following projects:

	<u>2019</u>	<u>2018</u>
Educational programs	\$ 197,662	\$ 236,924
Exhibits	<u>79,935</u>	<u>-</u>
Total	<u>\$ 277,597</u>	<u>\$ 236,924</u>

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 8. Program Services:

During 2019 and 2018, the Foundation expended resources for the following programs:

	<u>2019</u>	<u>2018</u>
Events and exhibits	\$ 1,078,654	\$ 479,892
Other program expenditures	333,375	331,526
Grants and other assistance	277,597	230,865
Acquisitions	188,534	107,351
Total	<u>\$ 1,878,160</u>	<u>\$ 1,149,634</u>

#### 9. Net Assets With Donor Restrictions:

At June 30, 2019 and 2018, nets assets with donor restrictions are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Endowment – with purpose restrictions	\$ 6,690,951	\$ 6,739,204
American Revolution Museum at Yorktown	742,494	824,447
Exhibits and artifacts	408,717	1,019,515
Education programs	508,743	527,758
Other	287,963	78,152
Unconditional promises to give-with other purpose and time restrictions	32,919	202,180
Technology	<u>-</u>	<u>51,180</u>
Total net assets with donor restrictions	<u>\$ 8,671,787</u>	<u>\$ 9,442,436</u>

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 9. Net Assets With Donor Restrictions, Continued:

Net assets with donor restrictions were released from donor restrictions by incurring expenses to satisfy the following restricted purposes for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Exhibits and artifacts	\$ 919,654	\$ 317,426
American Revolution Museum at Yorktown	228,927	331,621
Endowment – with purpose restrictions	208,467	216,349
Education programs	167,090	124,457
Technology	51,180	740
Other	31,254	1,224
Development support	2,000	-
General support	<u>-</u>	<u>10,014</u>
Total net assets with donor restrictions	<u>\$ 1,608,572</u>	<u>\$ 1,001,831</u>

#### 10. Endowment Funds:

The Foundation follows FASB guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowments funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of eight individual funds established for a variety of purposes. In addition, the Foundation has established the Education Programs Fund to receive permanently restricted donor gifts to support educational programs including on-site educational programs; statewide and national outreach programming and future permanent and special exhibits. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 10. Endowment Funds, Continued:

**Interpretation of Relevant Law:** The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment 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
- The investment policies of the Foundation

**Funds with Deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Earnings in 2019 and 2018 were sufficient to maintain the fair value of the assets of the endowment funds at the required level.

**Return Objectives and Risk Parameters:** The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and to ensure that the present value of the invested funds grows at a rate that will exceed inflation, preserve principal and generate maximum total return consistent with acceptable levels of risk. This objective is currently attained by investing in a portfolio of high quality securities. Endowments assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 10. Endowment Funds, Continued:

**Strategies Employed for Achieving Objectives:** To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints. Endowment investments are monitored for consistency to investment philosophy, return relative to the objectives, investment risk as measured by asset concentrations and investment cost.

**Spending Policy and How the Investment Objectives Relate to Spending Policy:** The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment funds' average fair value based on a rolling 3-year period in the fiscal years prior to the fiscal year in which the distribution is planned. In establishing these policies, the Foundation considered the expected return on its endowment. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return. However, for 2019 and 2018, the Foundation did not take the full distribution due to the board decision to make a more conservative distribution of 4%. The distribution for 2019 and 2018 was \$302,248 and \$267,484, respectively.

**Board Designated Endowments:** The Foundation's Board of Directors has designated a portion of net assets without donor restriction as funds functioning as endowments. Separate funds have been established for the Acquisitions Fund, Education Programs Fund and General Endowment.

The purpose of the Acquisitions Fund is to provide an ongoing source of funding for purchasing and preserving artifacts relevant to the Jamestown Settlement and the American Revolution Museum at Yorktown. The primary investment objective of this fund is to preserve and protect assets by focusing on conservation of principal and long-term growth of capital and income. This objective is generally attained by investing in a portfolio of high quality securities. During 2019 and 2018, the Foundation made no withdrawals from this fund. During 2019 and 2018, \$24,833 and \$24,326, respectively, were released to the General Endowment Fund.

The purpose of the Education Programs Fund is to provide an ongoing source of funding for supporting educational programs including on-site and outreach education; outdoor interpretive areas and related programming; and changing exhibitions. The primary investment objective of the fund is to preserve and protect its assets by focusing on conservation of principal and long-term growth of capital and income. This objective is generally attained by investing in a portfolio of high quality securities. During 2019 and 2018, \$93,782 and \$51,135, respectively, were withdrawn from the fund. During 2019 and 2018, \$59,266 and \$58,707, respectively, were released from the General Endowment Fund to undesignated net assets.

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**10. Endowment Funds, Continued:**

**Board Designated Endowments, Continued:** The General Endowment Fund was established to provide cash flow for Jamestown-Yorktown Foundation, Inc. and Jamestown-Yorktown Foundation. The primary investment objective of the General Endowment fund is to preserve and protect the assets by focusing on conservation of principal and long-term growth of capital and income. This objective is generally attained by investing in a portfolio of high quality securities. During 2019 and 2018, \$197,496 and \$185,742, respectively, were released from the General Endowment Fund to undesignated net assets.

Endowment net assets composition by type of fund was as follows as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 7,711,686	\$ -	\$ 7,711,686
Donor-restricted endowment funds	<u>-</u>	<u>6,690,951</u>	<u>6,690,951</u>
Total funds	<u>\$ 7,711,686</u>	<u>\$ 6,690,951</u>	<u>\$ 14,402,637</u>

Endowment net assets composition by type of fund was as follows as of June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 7,685,645	\$ -	\$ 7,685,645
Donor-restricted endowment funds	<u>-</u>	<u>6,739,204</u>	<u>6,739,204</u>
Total funds	<u>\$ 7,685,645</u>	<u>\$ 6,739,204</u>	<u>\$ 14,424,849</u>

**JAMESTOWN-YORKTOWN FOUNDATION, INC.**

Notes to Financial Statements, Continued

**10. Endowment Funds, Continued:**

Endowment net asset composition by classification and changes therein was as follows for the fiscal years ended June 30, 2019 and 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2017	\$ 7,141,784	\$ 6,506,387	\$13,648,171
Contributions	-	25,000	25,000
Investment Return:			
Interest and dividends, net	536,559	286,279	822,838
Net unrealized and realized gains	244,179	137,887	382,066
Amounts appropriated for expenditure	(51,135)	(216,349)	(267,484)
Transfers out of Board designated endowment	<u>(185,742)</u>	<u>-</u>	<u>(185,742)</u>
Endowment net assets, June 30, 2018	7,685,645	6,739,204	14,424,849
Investment Return:			
Interest and dividends, net	153,065	77,185	230,250
Net unrealized and realized gains	156,754	83,028	239,782
Amounts appropriated for expenditure	(86,282)	(208,466)	(294,748)
Transfers out of Board designated endowment	<u>(197,496)</u>	<u>-</u>	<u>(197,496)</u>
Endowment net assets, June 30, 2019	<u>\$ 7,711,686</u>	<u>\$ 6,690,951</u>	<u>\$14,402,637</u>



## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 11. Liquidity and Availability of Financial Assets:

The following table reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when restricted by a donor for a time or purpose or when the governing board has set aside the funds for a specific purpose.

	<u>2019</u>
Financial assets available within one year:	
Cash and cash equivalents	\$ 539,297
Investments	18,903,984
Promises to give, collectible in one year	<u>440,108</u>
Total	<u>19,883,389</u>
Less those unavailable for general expenditure within one year:	
Net assets with donor restrictions	8,230,550
Net assets with board designations	<u>7,711,686</u>
Total	<u>15,942,236</u>
Financial assets available in one year for general expenditure	<u>\$ 3,941,153</u>

The Foundation has a policy to structure its financial assets as its general expenditures, liabilities, and other obligations come due. Although the Foundation does not intend to spend from board designated funds for general expenditures, these funds could be made available if necessary.

#### 12. Related Parties:

The Foundation received contribution revenue from Board members in the amount of \$265,000 and \$-0- for the years ended June 30, 2019 and 2018, respectively. The amount of promises to give due from Board members amounted to \$635,167 and \$651,246 at June 30, 2019 and 2018, respectively. Accordingly, the Foundation received payments of \$281,079 and \$278,979 from Board members during the years ended June 30, 2019 and 2018, respectively.

As discussed in Note 2, the Foundation reimburses the Commonwealth for payroll and administrative costs incurred in the performance of accounting and management functions of the Foundation. At June 30, 2019 and 2018, the Foundation owed the Commonwealth \$218,943 and \$706,016, respectively, in reimbursements, which are included in the statements of financial position as accounts payable. The Commonwealth is considered a related party to the Foundation.

## JAMESTOWN-YORKTOWN FOUNDATION, INC.

### Notes to Financial Statements, Continued

#### 13. New Accounting Guidance:

**Contributions Received and Contributions Made:** In June 2018, the FASB issued ASU 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contributions or grants received by the Foundation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Specific to contributions or grants awarded by the Foundation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Foundation intends to adopt this ASU prior to the required transition date.