

**THE BOLLING HAXALL
HOUSE FOUNDATION**

FINANCIAL STATEMENTS
APRIL 30, 2015 AND 2014
with
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Bolling Haxall House Foundation

We have audited the accompanying financial statements of The Bolling Haxall House Foundation (a nonprofit organization), which comprise the statements of financial position as of April 30, 2015 and 2014 and the related statements of activities and charges in net assets, functional expenses and cash flows for the years 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. 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 judgement, 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.

HANSEN, SMITH, CONE & ROBERTELLO, PC

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 The Bolling Haxall House Foundation as of April 30, 2015 and 2014, 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.

Hansen, Smith, Cone & Robertello, PC

Richmond, Virginia
September 3, 2015

THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 109,672	\$ 354,445
Investments	127,731	121,091
Accounts receivable		-
Unconditional promises to give	6,378	28,447
Due from The Woman's Club of		
Richmond, Virginia	3,492	1,331
Prepaid expenses	<u>2,500</u>	<u>1,207</u>
Total current assets	<u>249,773</u>	<u>506,521</u>
Endowment investments:		
Cash and cash equivalents	142,304	24,327
Investments	<u>609,943</u>	<u>477,394</u>
Total endowment investments	<u>752,247</u>	<u>501,721</u>
Property and equipment:		
Land and improvements	181,876	178,626
Building and improvements	3,933,278	3,926,203
Office furniture and equipment	1,434	1,434
Artwork	94,512	94,512
Furnishings	<u>143,016</u>	<u>55,302</u>
	4,354,116	4,256,077
Less accumulated depreciation		
and amortization	<u>1,829,173</u>	<u>1,707,011</u>
Net property and equipment	<u>2,524,943</u>	<u>2,549,066</u>
Unconditional promises to give due		
after one year	<u>-</u>	<u>12,368</u>
	<u>\$3,526,963</u>	<u>\$3,569,676</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable	\$ <u>4,160</u>	\$ <u>-</u>
Total current liabilities	<u>4,160</u>	<u>-</u>
Net assets:		
Unrestricted net assets	2,725,214	2,803,361
Temporarily restricted net assets	42,045	187,945
Permanently restricted net assets	<u>755,544</u>	<u>578,370</u>
Total net assets	<u>3,522,803</u>	<u>3,569,676</u>
	<u>\$3,526,963</u>	<u>\$3,569,676</u>

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED APRIL 30, 2015 AND 2014

	2015		2014	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Temporarily Restricted
		Permanently Restricted	Permanently Restricted	Permanently Restricted
				Total
Support:				
Contributions from The Woman's Club of Richmond, Virginia	12,500	-	12,500	2,500
Provision for uncollectible unconditional promises to give	-	(1,819)	(1,819)	-
Special events	16,026	-	16,026	24,767
Gifts in kind	-	-	-	5,000
Rental income	3,401	-	3,401	3,415
Net assets released from restriction	9,382	(147,382)	138,000	(1,000)
Total support	168,262	(145,900)	138,100	196,694
Functional expenses:				
Program services	177,805	-	177,805	172,737
Administrative and general	9,201	-	9,201	9,874
Fundraising	62,324	-	62,324	63,090
Total functional expenses	249,330	-	249,330	245,701
Income (loss) from operations	(81,068)	(145,900)	138,100	(49,007)
Other income (expenses):				
Unrealized gain (loss) on investments	(439)	-	11,179	(1,803)
Realized gain (loss) on investments	(19)	-	4,772	(124)
Interest and dividends	3,379	-	26,044	2,917
Other income, net	2,921	-	41,995	990
Change in net assets	(78,147)	(145,900)	177,174	(48,017)
Net assets, beginning of year	2,803,361	187,945	3,569,676	2,851,378
Net assets, end of year	\$2,725,214	\$ 42,045	\$755,544	\$2,803,361
				\$ 187,945
				\$578,370
				\$3,569,676

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED APRIL 30, 2015 AND 2014

	2015			2014				
	Program Services	Administrative and General	Fund Raising	Total	Program Services	Administrative and General	Fund Raising	Total
Salaries and wages	\$ -	\$ -	\$41,380	\$ 41,380	\$ -	-	\$40,935	\$ 40,935
Payroll taxes	-	-	3,246	3,246	-	-	3,012	3,012
Employee benefits	-	-	6,022	6,022	-	-	6,083	6,083
Insurance	13,783	-	646	14,429	14,959	-	553	15,512
Professional fees	-	7,874	-	7,874	-	8,342	-	8,342
Newsletter, postage and printing	1,330	-	-	1,330	1,662	-	-	1,662
Taxes and licenses	9,073	983	-	10,056	6,829	819	-	7,648
Depreciation and amortization	122,162	-	-	122,162	116,207	-	-	116,207
Supplies	-	-	842	842	-	-	1,143	1,143
Miscellaneous	-	344	333	677	-	713	679	1,392
Repairs and maintenance	30,609	-	-	30,609	31,964	-	-	31,964
Annual giving	-	-	6,242	6,242	-	-	8,703	8,703
Grounds	848	-	-	848	1,116	-	-	1,116
Marketing	-	-	3,613	3,613	-	-	1,982	1,982
	<u>\$177,805</u>	<u>\$9,201</u>	<u>\$62,324</u>	<u>\$249,330</u>	<u>\$172,737</u>	<u>\$9,874</u>	<u>\$63,090</u>	<u>\$245,701</u>

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows provided by (used in) operating activities:		
Change in net assets	\$ (46,873)	\$ (25,965)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	122,162	116,207
Realized (gain) loss on sale of investments	(4,772)	(30,487)
Realized (gain) loss on investments	(11,179)	(2,317)
(Increase) decrease in:		
Accounts receivable	-	375
Unconditional promises to give Due from The Woman's Club of Richmond Virginia	34,437	118,697
Prepaid expense	(1,293)	(107)
Increase (decrease) in accounts payable	4,160	(1,061)
Net cash and cash equivalents provided by operating activities	<u>94,481</u>	<u>174,011</u>
Cash flows provided by (used in) investing activities:		
Proceeds from sale of investments	200,407	231,146
Purchase of investments	(323,645)	(262,194)
Purchase of property and equipment	(98,039)	(32,752)
Change in permanently restricted cash and cash equivalents	<u>(117,977)</u>	<u>19,290</u>
Net cash and cash equivalents used in investing activities	<u>(339,254)</u>	<u>(44,510)</u>
Net increase (decrease) in cash and cash equivalents	(244,773)	129,501
Cash and cash equivalents, beginning of year	<u>354,445</u>	<u>224,944</u>
Cash and cash equivalents, end of year	<u>\$ 109,672</u>	<u>\$ 354,445</u>

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

1. Nature of activities and significant accounting policies

Nature of activities - The Bolling Haxall House Foundation (the Foundation) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia. The Foundation preserves and maintains The Bolling Haxall House, which is listed in the National Register of Historical Places. The House is open and available to the public for tours and events. It serves as the headquarters of The Woman's Club of Richmond, Virginia.

Basis of presentation - Under Financial Accounting Standards Board Accounting Standards Codification 958 "Not-for-Profit Entities", The Foundation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions - Contributions, including unconditional pledges, are recognized when donors' commitments are received. Conditional pledges become unconditional and are recognized when the conditions are substantially met. Unconditional pledges are recognized at the estimated present value, net of an allowance for uncollectible amounts. Contributions are classified as unrestricted assets unless the donor has restricted the contribution to a specific purpose. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as unrestricted assets.

Temporarily restricted net assets result from support/contributions whose use by the Foundation is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are from support/contributions whose use by the Foundation is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Cash and cash equivalents - Cash and cash equivalents are comprised of cash on hand and demand deposits.

Investments - Investments in marketable securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

1. Nature of activities and significant accounting policies
(Continued)

Property and equipment - All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that naturally prolong the useful lives of assets are capitalized. Purchased property and equipment is stated at cost. Donated property and equipment is stated at fair market value at the date of the gift. The building, office equipment and furnishings are being depreciated over the estimated useful lives, ranging from 5 to 39 years, using the straight-line method. Artwork with investment value is not depreciated.

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review - Subsequent events were evaluated through September 3, 2015, which is the date the financial statements were available to be issued.

2. Unconditional promises to give

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows, using a discount rate of 0%.

	<u>2015</u>	<u>2014</u>
Amounts due in less than one year	\$ 6,378	\$ 28,447
Amounts due in one to five years	-	12,368
Amounts due in more than five years	-	-
	<u>6,378</u>	<u>40,815</u>
Less unamortized discount	<u>-</u>	<u>-</u>
	<u>\$ 6,378</u>	<u>\$ 40,815</u>

3. Investments

Investments are reported at fair value and consist of the following:

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

3. Investments (Continued)

	<u>Cost</u>	Quoted Prices in Active Markets (<u>Level 1</u>)	Unrealized Gain (Loss) on <u>Investments</u>
Unrestricted investments at April 30, 2015:			
Metropolitan West Bond Fund	\$ 16,140	\$ 16,231	\$ 91
Ridgeworth US Gov't Sec	30,982	31,107	125
Templeton Funds	13,512	12,614	(898)
Vanguard Fixed Income	39,256	39,300	44
Vanguard Intermediate	12,453	12,233	(220)
Westcore Plus Bond Fund	<u>16,040</u>	<u>16,246</u>	<u>206</u>
	<u>\$128,383</u>	<u>\$127,731</u>	<u>\$ (652)</u>
Unrestricted investments at April 30, 2014:			
PIMCO Total Return	\$ 12,952	\$ 12,846	\$ (106)
Ridgeworth US Gov't Sec	30,982	31,138	156
Templeton Funds	12,241	12,008	(233)
Vanguard Fixed Income	39,256	39,373	117
Vanguard Intermediate	9,833	9,555	(278)
Westcore Plus Bond Fund	<u>16,040</u>	<u>16,171</u>	<u>131</u>
	<u>\$121,304</u>	<u>\$121,091</u>	<u>\$ (213)</u>
Endowment investments at April 30, 2015:			
American Europacific	\$ 18,120	\$ 19,621	\$ 1,501
Arbitrage FD	12,160	12,432	272
Diamond Hill	66,260	68,486	2,226
Eaton Vance	11,990	12,155	165
Harding Loevner	22,860	22,631	(229)
Homestead Small Company	6,140	6,601	461
Ishares MSCI	11,701	12,960	1,259
J Hancock 3 Midcap	23,240	26,375	3,135
Lazard	20,960	20,738	(222)
Mainstay	6,440	6,024	(416)
Metropolitan West Bond Fund	32,020	32,294	274
Oakmark Harris Invt TR	49,900	65,832	15,932
Parametric Tax	10,020	9,867	(153)
Permanent Portfolio	14,500	12,602	(1,898)
Principal Midcap	23,029	25,172	2,143
Principal Real Estate	11,740	13,724	1,984
Ridgeworth US Gov't Sec	19,005	19,089	84

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

3. Investments (Continued)

	<u>Cost</u>	Quoted Prices in Active Markets (Level 1)	Unrealized Gain (Loss) on <u>Investments</u>
Stratton Small Cap	14,160	14,414	254
T Rowe Price Growth	38,497	68,879	30,382
T Rowe Price High Yield	14,634	14,713	79
Templeton	15,018	14,186	(832)
Templeton Foreign	20,220	22,145	1,925
Vanguard Fixed Income	68,101	68,675	574
Westcore Plus Bond Fund	<u>20,040</u>	<u>20,328</u>	<u>288</u>
	<u>\$550,755</u>	<u>\$609,943</u>	<u>\$59,188</u>

Endowment investments
at April 30, 2014:

Absolute Strategies	\$ 4,020	\$ 4,069	\$ 49
Arbitrage FD	7,020	6,978	(42)
Eaton Vance	7,950	7,657	(293)
Harbor Fund	11,670	15,530	3,860
Homestead Small Company	4,020	4,051	31
Ishares MSCI	3,557	3,720	163
J Hancock 3 Midcap	12,820	13,332	512
MFS Research	14,720	15,025	305
Oakmark Harris Invt TR	39,000	53,533	14,533
Parametic Tax	10,020	10,095	75
Permanent Portfolio	8,000	7,231	(769)
PIMCO All Asset	7,976	7,338	(638)
PIMCO Total Return	31,822	31,485	(337)
Principal Midcap	17,940	17,971	31
Principal Real Estate	7,420	8,001	581
Ridgeworth US Gov't Sec	19,005	19,108	103
Scott Intl	14,700	15,009	309
Sentinel Common Stock Fund	51,040	52,577	1,537
Stratton Small Cap	4,020	4,108	88
T Rowe Price Growth	23,757	49,405	25,648
T Rowe Price High Yield	18,000	18,913	913
Templeton	20,600	20,344	(256)
Vanguard Fixed Income	53,081	53,747	666
Wells Fargo Adv	17,627	17,932	305
Westcore Plus Bond Fund	<u>20,040</u>	<u>20,235</u>	<u>195</u>
	<u>\$429,825</u>	<u>\$477,394</u>	<u>\$47,569</u>

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

3. Investments (Continued)

Fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted market prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation used the Level 1 inputs to measure the fair value of its investments. Level 1 inputs generally provide the most reliable evidence of fair value.

4. Temporarily restricted net assets

Temporarily restricted net assets are restricted by the donors for the following purposes at April 30:

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 42,045	\$178,113
Conservation projects	<u>-</u>	<u>9,832</u>
	<u>\$ 42,045</u>	<u>\$187,945</u>

Assets released from restrictions during the fiscal year ended April 30:

	<u>2015</u>	<u>2014</u>
Conservation	\$ 9,832	\$ -
Archives project	-	1,000
Endowment	<u>138,000</u>	<u>-</u>
	<u>\$147,832</u>	<u>\$1,000</u>

5. Related party transactions

The Woman's Club of Richmond, Virginia (the Club) contributed \$12,500 to the Foundation at April 30, 2015. All directors of the Foundation are members of the Club.

The Foundation leases its facilities to The Club under the terms of a lease arrangement dated May 21, 2008. The lease expired on December 31, 2012, and automatically renews on a year-to-year basis until terminated by either party with 30 days' notice. Rent is 50% of the real estate taxes assessed against the premises per year. In addition to rent, the Club pays for utilities, insurance and certain repairs and maintenance.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

5. Related party transactions (Continued)

The Director of Development of the Foundation is an employee of the Club. The Club incurs certain payroll costs for the benefit of the Foundation as follows:

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$41,380	\$40,935
Payroll taxes	3,246	3,012
Employee benefits	<u>6,022</u>	<u>6,083</u>
	<u>\$50,648</u>	<u>\$50,030</u>

The Foundation reimburses the Club for these costs.

During the year ended April 30, 2015, the Foundation purchased tickets from the Club for an evening program for donors attending a Foundation reception. The cost of these tickets was \$1,260.

6. Income taxes

The Foundation is exempt for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and would be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of April 30, 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. Management believes it is no longer subject to income tax examinations for the years prior to the fiscal year ended April 30, 2012.

7. Concentration of credit risk

From time to time, the Foundation maintains cash on deposit in banks in excess of federally insured amounts.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2015 AND 2014

8. Endowment Fund

At April 30, 2015 and 2014, permanently restricted net assets consist of an endowment fund established to support the upkeep of the Bolling Haxall House. Contributions to the endowment fund are to be held and invested by the Foundation indefinitely and income from the fund is to be expended as needed for upkeep of the House.

The Foundation has investment and spending policies for endowment funds. The spending policy allows up to 4.5% of the fund to be withdrawn for emergency purposes only. Once the fund reaches \$1,000,000, income from the fund may be withdrawn to maintain the House.

No distributions in excess of income generated by the endowment fund will be permitted except for emergencies. Recommendations for utilization of funds will be developed by the Executive Committee and will be approved by the Executive Committee and Board of Directors in conjunction with the approval of the annual budget.

The investment policy establishes a return objective through diversification of asset classes, to include equity and debt securities. The investment process seeks to achieve a total rate of return in excess of 70% Russell 3000 Index/20% MSCI EAFE/10% MSCI Emerging Market, Barclays Capital U.S. Aggregate Bond Index and 91-Day U.S. Treasury Bill over a market cycle of at least ten years.