

**THE BOLLING HAXALL  
HOUSE FOUNDATION**

FINANCIAL STATEMENTS  
APRIL 30, 2013 AND 2012  
with  
INDEPENDENT AUDITOR'S REPORT

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## CONTENTS

Independent auditor's report

Financial statements

Statements of financial position  
Statements of activities and changes in net assets  
Statements of functional expenses  
Statements of cash flows  
Notes to financial statements

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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, 2013 and 2012 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

HANSEN, SMITH, CONE & ROBERTELLO, PC

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 The Bolling Haxall House Foundation as of April 30, 2013 and 2012, 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  
August 26, 2013

THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2013 AND 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 224,944	\$ 139,850
Investments	118,822	117,795
Accounts receivable	375	-
Unconditional promises to give	65,872	66,439
Prepaid expenses	<u>1,100</u>	<u>80</u>
Total current assets	<u>411,113</u>	<u>324,164</u>
Endowment investments:		
Cash and cash equivalents	43,617	43,240
Investments	<u>415,810</u>	<u>296,785</u>
Total endowment investments	<u>459,427</u>	<u>340,025</u>
Property and equipment:		
Land and improvements	178,626	178,626
Building and improvements	3,906,409	3,897,628
Office furniture and equipment	1,434	1,434
Artwork	94,512	92,762
Furnishings	<u>42,344</u>	<u>31,957</u>
	4,223,325	4,202,407
Less accumulated depreciation and amortization	<u>1,590,803</u>	<u>1,475,728</u>
Net property and equipment	<u>2,632,522</u>	<u>2,726,679</u>
Unconditional promises to give due after one year	<u>93,640</u>	<u>173,511</u>
	<u>\$3,596,702</u>	<u>\$3,564,379</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities:		
Accounts payable	\$ 1,061	\$ 23
Due to The Woman's Club of Richmond Virginia	<u>          -</u>	<u>5,340</u>
Total current liabilities	<u>1,061</u>	<u>5,363</u>
Net assets:		
Unrestricted net assets	2,851,378	2,911,976
Temporarily restricted net assets	209,187	307,044
Permanently restricted net assets	<u>535,076</u>	<u>339,996</u>
Total net assets	<u>3,595,641</u>	<u>3,559,016</u>
	<u>\$3,596,702</u>	<u>\$3,564,379</u>

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED APRIL 30, 2013 AND 2012

	2013		2012					
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:								
Contributions from The Contribution from The Woman's Club of Richmond, Virginia	\$ 114,155	\$ 1,200	\$ 75,677	\$ 191,032	\$ 99,254	\$ 70,494	\$ 375	\$ 170,123
Provision for uncollectible unconditional promises to give	-	(12,822)	-	(12,822)	-	-	-	-
Special events	32,355	-	-	32,355	-	16,753	-	16,753
Gifts in kind	4,250	-	-	4,250	-	-	-	825
Rental income	3,385	-	-	3,385	3,419	-	-	3,419
Net assets released from restriction	235	(86,235)	86,000	-	265,769	(265,769)	-	-
Total support	<u>154,380</u>	<u>(97,857)</u>	<u>161,677</u>	<u>218,200</u>	<u>376,150</u>	<u>(176,022)</u>	<u>375</u>	<u>200,503</u>
Functional expenses:								
Program services	162,391	-	-	162,391	165,459	-	-	165,459
Administrative and general	7,654	-	-	7,654	7,698	-	-	7,698
Fundraising	49,810	-	-	49,810	86,538	-	-	86,538
Total functional expenses	<u>219,855</u>	<u>-</u>	<u>-</u>	<u>219,855</u>	<u>259,695</u>	<u>-</u>	<u>-</u>	<u>259,695</u>
Income (loss) from operations	<u>(65,475)</u>	<u>(97,857)</u>	<u>161,677</u>	<u>(1,655)</u>	<u>116,455</u>	<u>(176,022)</u>	<u>375</u>	<u>(59,192)</u>
Other income (expenses):								
Unrealized gain (loss) on investments	1,027	-	22,425	23,452	(5,889)	-	(6,859)	(12,748)
Realized gain (loss) on investments	-	-	2,946	2,946	1,683	-	(5,537)	(3,854)
Interest and dividends	3,850	-	8,032	11,882	1,899	-	3,803	5,702
Insurance proceeds	-	-	-	-	7,959	-	-	7,959
Other income, net	<u>4,877</u>	<u>-</u>	<u>33,403</u>	<u>38,280</u>	<u>5,652</u>	<u>-</u>	<u>(8,593)</u>	<u>(2,941)</u>
Change in net assets	(60,598)	(97,857)	195,080	36,625	122,107	(176,022)	(8,218)	(62,133)
Net assets, beginning of year	<u>2,911,976</u>	<u>307,044</u>	<u>339,996</u>	<u>3,559,016</u>	<u>2,789,869</u>	<u>483,066</u>	<u>348,214</u>	<u>3,621,149</u>
Net assets, end of year	<u>\$2,851,378</u>	<u>\$ 209,187</u>	<u>\$535,076</u>	<u>\$3,595,641</u>	<u>\$2,911,976</u>	<u>\$ 307,044</u>	<u>\$339,996</u>	<u>\$3,559,016</u>

See accompanying notes.





THE BOLLING HAXALL HOUSE FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows provided by (used in) operating activities:		
Change in net assets	\$ 36,625	\$ (62,133)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	115,075	115,640
Realized gain (loss) on sale of investments	(2,946)	3,854
Unrealized gain (loss) on investments	(23,452)	12,748
(Increase) decrease in:		
Accounts receivable	(375)	-
Unconditional promises to give Due from The Woman's Club of Richmond Virginia	80,438	112,810
Prepaid expense	(1,020)	(80)
Increase (decrease) in:		
Accounts payable	1,038	(437)
Due to The Woman's Club of Richmond Virginia	(5,340)	5,340
Net cash and cash equivalents provided by operating activities	<u>200,043</u>	<u>187,862</u>
Cash flows provided by (used in) investing activities:		
Proceeds from sale of investments	68,846	211,265
Purchase of investments	(162,500)	(180,555)
Purchase of property and equipment	(20,918)	(825)
Change in permanently restricted cash and cash equivalents	(377)	(24,584)
Net cash and cash equivalents provided by investing activities	<u>(114,949)</u>	<u>5,301</u>
Cash flows provided by (used in) financing activities:		
Curtailment of line of credit	-	(242,664)
Net decrease in cash and cash equivalents	85,094	(49,501)
Cash and cash equivalents, beginning of year	<u>139,850</u>	<u>189,351</u>
Cash and cash equivalents, end of year	<u>\$ 224,944</u>	<u>\$ 139,850</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 3,822</u>

See accompanying notes.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

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.

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.

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.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

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

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 August 26, 2013, 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>2013</u>	<u>2012</u>
Amounts due in less than one year	\$ 65,872	\$ 66,439
Amounts due in one to five years	93,640	173,511
Amounts due in more than five years	<u>-</u>	<u>-</u>
	159,512	239,950
Less unamortized discount	<u>-</u>	<u>-</u>
	<u>\$159,512</u>	<u>\$239,950</u>

3. Investments

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

	<u>Cost</u>	Quoted Prices in Active Markets (Level 1)	Unrealized Gain (Loss) on <u>Investments</u>
Unrestricted investments at April 30, 2013:			
Pimco	\$ 12,955	\$ 13,369	\$ 414
Ridgeworth US Gov't Sec	41,000	41,407	407
Templeton Funds	9,021	9,184	163
Vanguard Fixed Income			
Short Term	39,256	39,666	410
Vanguard Intermediate	<u>15,000</u>	<u>15,196</u>	<u>196</u>
	<u>\$117,232</u>	<u>\$118,822</u>	<u>\$1,590</u>

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

3. Investments (Continued)

	<u>Cost</u>	Quoted Prices in Active Markets (Level 1)	Unrealized Gain (Loss) on <u>Investments</u>
Unrestricted investments at April 30, 2012:			
Pimco	\$ 12,955	\$ 13,227	\$ 272
Ridgeworth US Gov't Sec	41,000	41,326	326
Templeton Funds	9,021	8,813	(208)
Vanguard Fixed Income Securities	39,256	39,410	154
Vanguard Intermediate	<u>15,000</u>	<u>15,019</u>	<u>19</u>
	<u>\$117,232</u>	<u>\$117,795</u>	<u>\$ 563</u>

Endowment investments  
at April 30, 2013:

Eaton Vance	\$ 7,950	\$ 7,876	\$ (74)
Europacific Growth Fund	17,424	22,188	4,764
Harbor International Fund	21,267	23,140	1,873
Harris Associates	39,000	44,690	5,690
Ishares Russell 1000	41,212	42,019	807
Ishares Russell 2000	11,413	13,645	2,232
Permanent Portfolio	8,000	7,844	(156)
Pimco All Asset	7,976	8,030	54
Pimco Funds	32,148	32,867	719
Ridgeworth US Gov't Securities	19,005	19,203	198
SPDR S&P 500	15,059	19,162	4,103
T Rowe Price Growth	25,648	43,521	17,873
T Rowe Price High Yield	18,000	18,860	860
Templeton	20,600	21,217	617
Vanguard Fixed Income Securities	53,081	54,147	1,066
Wells Fargo Advantage	17,627	18,567	940
Westport	<u>16,950</u>	<u>18,834</u>	<u>1,884</u>
	<u>\$372,360</u>	<u>\$415,810</u>	<u>\$43,450</u>

Endowment investments  
at April 30, 2012:

Europacific Growth Fund	\$ 12,924	\$ 15,600	\$ 2,676
Evergreen	9,627	10,322	695
Harbor International Fund	16,767	16,571	(196)
Pimco	22,148	22,639	491
Pioneer	14,950	15,110	160
Ridgeworth US Gov't Sec	19,005	19,165	160
SPDR S&P 500	15,059	16,785	1,726

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

3. Investments (Continued)

	Cost	Quoted Prices in Active Markets (Level 1)	Unrealized Gain (Loss) on <u>Investments</u>
T. Rowe Price Growth	\$ 25,648	\$ 39,892	\$14,244
T. Rowe Price High Yield	8,000	7,992	(8)
Templeton	20,600	20,360	(240)
Vanguard Fixed Income Securities	53,081	53,797	716
Wasatch	41,000	41,382	382
Westport	<u>16,950</u>	<u>17,170</u>	<u>220</u>
	<u>\$275,759</u>	<u>\$296,785</u>	<u>\$21,026</u>

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 at April 30, 2013 and 2012 are restricted by the donors for the following purposes:

	<u>2013</u>	<u>2012</u>
Capital campaign	\$198,355	\$297,662
Conservation projects	9,832	9,382
Archives project	<u>1,000</u>	<u>-</u>
	<u>\$209,187</u>	<u>\$307,044</u>

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

	<u>2013</u>	<u>2012</u>
Capital campaign:		
Renovations	\$ -	\$242,664
Interest	-	3,822
Fund raising	-	19,283
Endowment	86,000	-
Annual fund	<u>235</u>	<u>-</u>
	<u>\$86,235</u>	<u>\$265,769</u>

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

5. Related party transactions

The Woman's Club of Richmond, Virginia (the Club) contributed \$3,500 to the Foundation at April 30, 2013. 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 expires on December 31, 2012, and will automatically renew 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 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>2013</u>	<u>2012</u>
Salaries and wages	\$31,656	\$44,392
Payroll taxes	2,308	2,481
Employee benefits	<u>4,343</u>	<u>8,889</u>
	<u>\$38,307</u>	<u>\$55,762</u>

The Foundation reimburses the Club for these costs.

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, 2013, 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 statement. 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, 2010.

THE BOLLING HAXALL HOUSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013 AND 2012

7. Concentration of credit risk

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

8. Endowment Fund

At April 30, 2013 and 2012, 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.