The Bolling Haxall House Foundation

Financial Statements
for years ended
April 30, 2018 and 2017

The Bolling Haxall House Foundation

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Frank Barcalow CPA, P.L.L.C
Certified Public Accountant

Independent Auditor's Report

The Board of Directors
The Bolling Haxall House Foundation
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of The Bolling Haxall House Foundation (a nonprofit organization), which comprise the statement of financial position as of April 30, 2018 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

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, 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Prior Period Financial Statements

The financial statements of The Bolling Haxall House Foundation as of April 30, 2017, were audited by other auditors whose report dated January 8, 2018, expressed an unmodified opinion on those statements.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.
Richmond, Virginia
June 29, 2018

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Member American Institute of Certified Public Accountants

The Bolling Haxall House Foundation

Statements of Financial Position
April 30, 2018 and 2017

Assets

	2018	2017
Current assets		
Cash and cash equivalents	$ 154,092	$ 91,566
Cash and cash equivalents - Endowment	12,927	48,133
Investments	107,374	109,992
Contribution receivable	-	5,000
Prepaid expenses	2,811	-
Total current assets	277,204	254,691
Long-term assets		
Investments - Endowment	864,856	764,629
Property and equipment:		
Land and improvements	181,876	181,876
Building and improvements	3,968,112	3,968,112
Office furniture and equipment	1,434	1,434
Artwork	94,512	94,512
Furnishings	144,631	144,631
	4,390,565	4,390,565
Less: accumulated depreciation	2,220,701	2,088,636
	2,169,864	2,301,929
Total long-term assets	3,034,720	3,066,558
Total assets	$ 3,311,924	$ 3,321,249
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 2,672	$ 1,304
Total current liabilities	2,672	1,304
Net Assets		
Unrestricted	2,416,754	2,494,646
Temporarily restricted	10,762	9,191
Permanently restricted	881,736	816,108
Total net assets	3,309,252	3,319,945
Total liabilities and net assets	$ 3,311,924	$ 3,321,249

See notes to financial statements.

The Bolling Haxall House Foundation

Statements of Activities
For the Years Ended April 30, 2018 and 2017

	2018				2017			
Support and revenue	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	$ 178,607	$ 1,571	$ 600	$ 180,778	$ 149,926	$ -	$ -	$ 149,926
Woman's Club Contributions	2,500	-	-	2,500	2,500	-	-	2,500
Special events, net	12,371	-	-	12,371	8,222	-	-	8,222
Rental income	3,392	-	-	3,392	3,404	-	-	3,404
	196,870	1,571	600	199,041	164,052	-	-	164,052
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total support and revenue	196,870	1,571	600	199,041	164,052	-	-	164,052
Functional Expenses								
Program services	196,414	-	-	196,414	215,298	-	-	215,298
Management and general	9,527	-	-	9,527	10,486	-	-	10,486
Fundraising	69,254	-	-	69,254	68,976	-	-	68,976
Total functional expenses	275,195	-	-	275,195	294,760	-	-	294,760
Income (loss) from operations	(78,325)	1,571	600	(76,154)	(130,708)	-	-	(130,708)
Other income (loss)								
Dividends and interest	2,905	-	28,630	31,535	3,058	-	17,149	20,207
Realized gain (loss) on disposal of investments	1,451	-	-	1,451	(88)	-	23,131	23,043
Unrealized gain (loss) on investments	(3,923)	-	36,398	32,475	43	-	44,854	44,897
Total other income (loss)	433	-	65,028	65,461	3,013	-	85,134	88,147
Change in net assets	(77,892)	1,571	65,628	(10,693)	(127,695)	-	85,134	(42,561)
Net assets at beginning of year	2,494,646	9,191	816,108	3,319,945	2,622,341	9,191	730,974	3,362,506
Net assets at end of year	$ 2,416,754	$ 10,762	$ 881,736	$ 3,309,252	$ 2,494,646	$ 9,191	$ 816,108	$ 3,319,945

See notes to financial statements.

The Bolling Haxall House Foundation

Statements of Functional Expenses
For the Years Ended April 30, 2018 and 2017

	2018				2017			
	Program Service	Management and General	Fundraising	Total	Program Service	Management and General	Fundraising	Total
Salaries and wages	$ -	$ -	$ 46,834	$ 46,834	$ -	$ -	$ 45,380	$ 45,380
Payroll taxes	-	-	3,941	3,941	-	-	3,406	3,406
Employee benefits	-	-	9,403	9,403	-	-	10,147	10,147
Insurance	15,170	-	674	15,844	15,935	-	568	16,503
Professional fees	-	8,278	-	8,278	-	7,335	-	7,335
Newsletter, postage and printing	1,204	-	-	1,204	1,568	-	-	1,568
Taxes and licenses	9,190	768	-	9,958	9,966	1,083	-	11,049
Depreciation	132,064	-	-	132,064	130,027	-	-	130,027
Supplies	-	-	364	364	-	-	379	379
Miscellaneous	-	199	-	199	-	2,068	-	2,068
Repairs and maintenance	38,962	-	-	38,962	57,802	-	-	57,802
Annual giving	-	-	5,380	5,380	-	-	5,955	5,955
Marketing	-	-	2,764	2,764	-	-	3,141	3,141
	$ 196,590	$ 9,245	$ 69,360	$ 275,195	$ 215,298	$ 10,486	$ 68,976	$ 294,760

See notes to financial statements.

The Bolling Haxall House Foundation

Statements of Cash Flows
For the Years Ended April 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ (10,693)	$ (42,561)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	132,064	130,027
(Gain) loss on sale of investments	(1,451)	(23,043)
Unrealized loss (gain) from investments	(32,475)	(44,897)
(Increase) decrease in contributions receivable	5,000	(3,000)
(Increase) decrease in prepaid expenses	2,811	2,428
Increase (decrease) in accounts payable	1,368	282
Net cash provided by operations	96,624	19,236
Cash flows used in investing activities		
Additions to property and equipment	-	(21,327)
Change in permanently restricted cash and cash equivalents	28,630	(17,629)
Purchases of investments	(130,105)	(168,341)
Proceeds from sale of investments	67,377	196,825
Net cash provided (used in) investing activities	(34,098)	(10,472)
Net increase (decrease) in cash and cash equivalents	62,526	8,764
Cash and cash equivalents at beginning of year	91,566	82,802
Cash and cash equivalents at end of year	$ 154,092	$ 91,566

See notes to financial statements

Notes to Financial Statements
April 30, 2018 and 2017

Note 1 - Nature of activities and summary of significant accounting policies

Nature of activities

The Bolling Haxall House Foundation (the Foundation) is a not-for-profit 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 (the Club).

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under generally accepted accounting principles, The Bolling Haxall House 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates that were used.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the statements of financial position approximates fair values.

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, if needed. Contributions receivable for one year or less are recorded at face value. Contributions are classified as unrestricted unless the donor has restricted the contribution to a specific purpose.

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 released 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.

(continued)

Notes to Financial Statements
April 30, 2018 and 2017

Note 1 - Summary of significant accounting policies (concluded)

Investments

Investments are composed of equity securities, certificate of deposits, money market funds, and mutual funds. Investments in marketable securities and mutual funds with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized and realized gains and losses are reflected in the Statements of Activities.

Advertising

The Foundation expenses advertising costs as incurred, advertising expenses for the current year totaled $0 and totaled $0 for the prior year.

Income taxes

The Bolling Haxall House Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from Virginia income taxes and, therefore, has made no provision for the federal or Virginia income taxes. In addition, the Internal Revenue Service has determined that the corporation is not a "private foundation" within the meaning of Section 509(a) of the Code. The Corporation's income tax returns are potentially subject to examination by the Internal Revenue Service generally for three years after being filed. The Corporation has no uncertain tax positions for the current year or prior year.

Property and equipment

Property and equipment are stated at cost, if purchased, and at fair value at date of receipt, if donated. Depreciation is computed on the straight-line method over estimated useful lives of 5 to 40 years. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterments greater than $500 are capitalized. Artwork and antique furnishings with investment value not depreciated. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in income.

Donated services

A number of volunteers have donated time for The Bolling Haxall House Foundation and providing support for its program services. However, there is no objective basis to measure the value of donated time, therefore, no dollar value has been recorded in the financial statements.

Note 2 - Property and equipment

A summary of property and equipment follows:

	2018	2017
Property and equipment	$ 4 390 565	$ 4 390 565
Less: Accumulated depreciation	2 220 701	2 088 636
	$ 2 169 864	$ 2 301 929

Depreciation expense totaled $132,064 in 2018 and $130,027 in 2017.

Notes to Financial Statements
April 30, 2018 and 2017

Note 3 - Investments

Investments consisted of the following at April 30,

	Cost	Gross Unrealized Gains	2018 Gross Unrealized Losses	Fair Value
Bond Mutual funds - unrestricted	$ 111 888	$ -	$ 4 514	$ 107 374
Government Money Market Fund	64 000	-	-	64 000
Bond Mutual Funds - endowment	247 789	-	7 107	240 682
Exchange traded funds - endowment	105 463	18 511	-	123 974
Equity Mutual Funds - endowment	344 206	91 994	-	436 200
	$ 761 458	$ 110 505	$ 7 107	$ 864 856

	Cost	Gross Unrealized Gains	2017 Gross Unrealized Losses	Fair Value
Bond Mutual funds - unrestricted	$ 112 312	$ -	$ 2 320	$ 109 992
Bond Mutual Funds - endowment	248 414	496	2 839	246 071
Exchange traded funds - endowment	105 463	5 668	-	111 131
Equity Mutual Funds - endowment	344 206	65 953	2 732	407 427
	$ 698 083	$ 72 117	$ 5 571	$ 764 629

Included in the organization structure and investment income (loss) in the Statements of Activities is investment activity which includes the following at April 30:

	2018	2017
Interest and dividends, net	$ 31 535	$ 20 207
Realized gains (losses)	1 451	23 043
Unrealized gains (losses)	32 475	44 897
	$ 65 461	$ 88 147

Investment fees totaled $5,302 in 2018 and $3,727 in 2017.

Notes to Financial Statements
April 30, 2018 and 2017

Note 4 - Concentration of credit risk

Financial instruments which potentially subject The Foundation to concentration of credit risks consist principally of cash and cash equivalents. The Foundation maintains its cash balances in financial institutions located in central Virginia. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $250,000. Balances may at times exceed the insured maximum, but management believes there is no significant credit risk.

The Foundation also has investments with a broker in the central Virginia area which is insured for up to $100,000 for cash balances and a total of $500,000 for cash and investment balances by the Securities Investor Protection Corporation (SIPC). The broker has also obtained additional insurance for accounts that have balances greater than the SIPC limit. The insurance does not cover losses caused by market value changes.

Note 5 - Related party transactions

The Woman's Club contributed $2,500 in 2018 and $2,500 in 2017 to The Bolling Haxall House Foundation (The Foundation). All directors of The Foundation are members of The Club.

The Foundation leases its facilities to The Woman's 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 property per year. In addition to rent, The Club pays for utilities, insurance and certain repairs and maintenance. Rent for the year ended April 30, 2018 was $3,392 and for 2017 totaled $3,405.

The Woman's Club incurs certain payroll costs related to the Director of Development for the benefit of The Foundation for which The Woman's Club is reimbursed. Payroll expenses for 2018 totaled $60,178 and for 2017 $58,923.

The Foundation may purchase tickets from the The Woman's Club for donors attending a Foundation reception. There was no expense in the current or prior year.

Note 6 - Temporarily restricted net assets

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

	2018	2017
Capital campaign	$ 10 762	$ 9 191

Notes to Financial Statements
April 30, 2018 and 2017

Note 7 - Fair value measurements

The Foundation adopted SFAS No. 157 "Fair Value Measurements" to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. SFAS 157 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under SFAS 157 based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments were measured at fair value by level one valuation.

Note 8 - Endowment fund

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 the preservation of the property.

The Foundation has investment and spending policies for the 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 property.

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 the Board of Directors in conjunction with the approval of the annual budget.

The investment policy establishes a return objective through diversification of assets classes, to include equity and debt securities. The investment process seeks to achieve a total rate of return in excess of various benchmarks. Investments are reviewed for return and risk based on benchmark performance.

Note 9 - Subsequent events

In preparing these financial statements, The Foundation has evaluated events and transactions for potential recognition or disclosure through June 29, 2018 the date the financial statements were issued.