

# **The Bolling Haxall House Foundation**

**Financial Statements  
for years ended  
April 30, 2019 and 2018**

# 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 statements of financial position as of April 30, 2019 and 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, 2019 and 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.

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

Frank Barcalow CPA, P.L.L.C.  
Richmond, Virginia  
June 18, 2019

# The Bolling Haxall House Foundation

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## Statements of Financial Position April 30, 2019 and 2018

### Assets

	<u>2019</u>	<u>2018</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 190,611	\$ 154,092
Cash and cash equivalents - Endowment	23,916	12,927
Investments	108,372	107,374
Contribution receivable	100	-
Prepaid expenses	<u>842</u>	<u>2,811</u>
<b>Total current assets</b>	<u>323,841</u>	<u>277,204</u>
<b>Long-term assets</b>		
Investments - Endowment	<u>858,501</u>	<u>864,856</u>
<b>Property and equipment:</b>		
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	<u>145,831</u>	<u>144,631</u>
	4,391,765	4,390,565
Less: accumulated depreciation	<u>2,352,679</u>	<u>2,220,701</u>
	<u>2,039,086</u>	<u>2,169,864</u>
<b>Total long-term assets</b>	<u>2,897,587</u>	<u>3,034,720</u>
<b>Total assets</b>	<u>\$ 3,221,428</u>	<u>\$ 3,311,924</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 3,534	\$ 2,672
Deferred revenue	<u>5,869</u>	<u>-</u>
<b>Total current liabilities</b>	<u>9,403</u>	<u>2,672</u>
<b>Net Assets</b>		
<b>Without donor restrictions</b>	<u>2,314,900</u>	<u>2,416,754</u>
<b>With donor restrictions</b>		
Capital campaign	10,762	10,762
Endowment	<u>886,363</u>	<u>881,736</u>
	897,125	892,498
<b>Total net assets</b>	<u>3,212,025</u>	<u>3,309,252</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,221,428</u>	<u>\$ 3,311,924</u>

See notes to financial statements.

# The Bolling Haxall House Foundation

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## Statements of Activities

For the Years Ended April 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>						
Contributions	\$ 153,680	\$ -	\$ 153,680	\$ 178,607	\$ 2,171	\$ 180,778
Woman's Club Contributions	2,500	-	2,500	2,500	-	2,500
Special events, net	16,933	-	16,933	12,371	-	12,371
Rental income	3,413	-	3,413	3,392	-	3,392
	<u>176,526</u>	<u>-</u>	<u>176,526</u>	<u>196,870</u>	<u>2,171</u>	<u>199,041</u>
Net assets released from restrictions	38,000	(38,000)	-	-	-	-
<b>Total support and revenue</b>	<u>214,526</u>	<u>(38,000)</u>	<u>176,526</u>	<u>196,870</u>	<u>2,171</u>	<u>199,041</u>
<b>Functional Expenses</b>						
Program services	238,930	-	238,930	196,414	-	196,414
Management and general	10,110	-	10,110	9,527	-	9,527
Fundraising	72,864	-	72,864	69,254	-	69,254
	<u>321,904</u>	<u>-</u>	<u>321,904</u>	<u>275,195</u>	<u>-</u>	<u>275,195</u>
<b>Total functional expenses</b>	<u>321,904</u>	<u>-</u>	<u>321,904</u>	<u>275,195</u>	<u>-</u>	<u>275,195</u>
<b>Income (loss) from operations</b>	<u>(107,378)</u>	<u>(38,000)</u>	<u>(145,378)</u>	<u>(78,325)</u>	<u>2,171</u>	<u>(76,154)</u>
<b>Other income (loss)</b>						
Dividends and interest	6,183	35,001	41,184	2,905	28,630	31,535
Realized gain (loss) on disposal of investments	2,016	-	2,016	1,451	-	1,451
Unrealized gain (loss) on investments	(2,675)	7,626	4,951	(3,923)	36,398	32,475
	<u>5,524</u>	<u>42,627</u>	<u>48,151</u>	<u>433</u>	<u>65,028</u>	<u>65,461</u>
<b>Total other income (loss)</b>	<u>5,524</u>	<u>42,627</u>	<u>48,151</u>	<u>433</u>	<u>65,028</u>	<u>65,461</u>
<b>Change in net assets</b>	<u>(101,854)</u>	<u>4,627</u>	<u>(97,227)</u>	<u>(77,892)</u>	<u>67,199</u>	<u>(10,693)</u>
<b>Net assets at beginning of year</b>	<u>2,416,754</u>	<u>892,498</u>	<u>3,309,252</u>	<u>2,494,646</u>	<u>825,299</u>	<u>3,319,945</u>
<b>Net assets at end of year</b>	<u>\$ 2,314,900</u>	<u>\$ 897,125</u>	<u>\$ 3,212,025</u>	<u>\$ 2,416,754</u>	<u>\$ 892,498</u>	<u>\$ 3,309,252</u>

See notes to financial statements.

# The Bolling Haxall House Foundation

## Statements of Functional Expenses For the Years Ended April 30, 2019 and 2018

	2019				2018			
	Program Service	Management and General	Fundraising	Total	Program Service	Management and General	Fundraising	Total
Salaries and wages	\$ -	\$ -	\$ 47,975	\$ 47,975	\$ -	\$ -	\$ 46,834	\$ 46,834
Payroll taxes	-	-	3,162	3,162	-	-	3,941	3,941
Employee benefits	-	-	10,675	10,675	-	-	9,403	9,403
Insurance	15,328	-	716	16,044	15,170	-	674	15,844
Professional fees	-	8,649	-	8,649	-	8,278	-	8,278
Newsletter, postage and printing	2,175	-	-	2,175	1,204	-	-	1,204
Taxes and licenses	9,827	907	-	10,734	9,190	768	-	9,958
Depreciation	131,978	-	-	131,978	132,064	-	-	132,064
Supplies	-	-	33	33	-	-	364	364
Miscellaneous	-	554	-	554	-	199	-	199
Repairs and maintenance	79,622	-	-	79,622	38,962	-	-	38,962
Annual giving	-	-	7,132	7,132	-	-	5,380	5,380
Marketing	-	-	3,171	3,171	-	-	2,764	2,764
	<u>\$ 238,930</u>	<u>\$ 10,110</u>	<u>\$ 72,864</u>	<u>\$ 321,904</u>	<u>\$ 196,590</u>	<u>\$ 9,245</u>	<u>\$ 69,360</u>	<u>\$ 275,195</u>

See notes to financial statements.

# The Bolling Haxall House Foundation

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## Statements of Cash Flows For the Years Ended April 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (97,227)	\$ (10,693)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	131,978	132,064
(Gain) loss on sale of investments	(2,016)	(1,451)
Unrealized loss (gain) from investments	(4,951)	(32,475)
(Increase) decrease in contributions receivable	(100)	5,000
(Increase) decrease in prepaid expenses	1,969	2,811
Increase (decrease) in accounts payable	862	1,368
Increase (decrease) in deferred revenue	5,869	-
	<u>36,384</u>	<u>96,624</u>
<b>Net cash provided by operations</b>		
	<u>36,384</u>	<u>96,624</u>
<b>Cash flows used in investing activities</b>		
Additions to property and equipment	(1,200)	-
Change in permanently restricted cash and cash equivalents	(10,989)	28,630
Purchases of investments	(23,841)	(130,105)
Proceeds from sale of investments	36,165	67,377
	<u>135</u>	<u>(34,098)</u>
<b>Net cash provided (used in) investing activities</b>		
	<u>135</u>	<u>(34,098)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	36,519	62,526
<b>Cash and cash equivalents at beginning of year</b>	<u>154,092</u>	<u>91,566</u>
<b>Cash and cash equivalents at end of year</b>	\$ <u><u>190,611</u></u>	\$ <u><u>154,092</u></u>

See notes to financial statements



## Notes to Financial Statements April 30, 2019 and 2018

### 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).

#### *New accounting pronouncement*

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, Presentation of Financial Statements of *Not-for-Profit Entities*. The Organization adopted the new standard as of January 1, 2018. In addition to changes in terminology used to describe categories of new assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources, and disclosures related to functional allocation of expenses were expanded.

Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Unrestricted net assets have been renamed net assets without donor restrictions. Temporarily restricted net assets have been renamed net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are not subject to or are no longer subject to donor-imposed stipulations.

#### *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 approximate fair values.

#### *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.

## Notes to Financial Statements April 30, 2019 and 2018

### Note 1 - Summary of significant accounting policies (concluded)

#### *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.

Net assets with donor restrictions 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, net assets with donor restrictions are released to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Net assets with donor restrictions that are permanent 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.

#### *Advertising*

The Foundation expenses advertising costs as incurred. There were no advertising expenses for the current and 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.

#### *Deferred Revenue*

Deferred revenue consists of funds received for the next year's programs or received in advance.

#### *Donated services*

A number of volunteers have donated time for The Bolling Haxall House Foundation and provide 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.

## Notes to Financial Statements April 30, 2019 and 2018

### Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 4 391 765	\$ 4 390 565
Less: Accumulated depreciation	<u>2 352 679</u>	<u>2 220 701</u>
	<u>\$ 2 039 086</u>	<u>\$ 2 169 864</u>

Depreciation expense totaled \$131,978 in 2019 and \$132,064 in 2018.

### Note 3 - Investments

Investments consisted of the following at April 30,

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>2019 Gross Unrealized Losses</u>	<u>Fair Value</u>
Bond Mutual funds - unrestricted	\$ <u>111 876</u>	\$ <u>-</u>	\$ <u>3 504</u>	\$ <u>108 372</u>
Bond Mutual Funds - endowment	314 731	-	6 596	308 135
Exchange traded funds - endowment	105 463	28 351	-	133 814
Equity Mutual Funds - endowment	<u>339 486</u>	<u>77 066</u>	<u>-</u>	<u>416 552</u>
	\$ <u>759 680</u>	\$ <u>105 417</u>	\$ <u>6 596</u>	\$ <u>858 501</u>
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>2018 Gross Unrealized Losses</u>	<u>Fair Value</u>
Bond Mutual funds - unrestricted	\$ <u>111 888</u>	\$ <u>-</u>	\$ <u>4 514</u>	\$ <u>107 374</u>
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	<u>344 206</u>	<u>91 994</u>	<u>-</u>	<u>436 200</u>
	\$ <u>761 458</u>	\$ <u>110 505</u>	\$ <u>7 107</u>	\$ <u>864 856</u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividends, net	\$ 41 182	\$ 31 535
Realized gains (losses)	2 016	1 451
Unrealized gains (losses)	<u>4 951</u>	<u>32 475</u>
	<u>\$ 48 149</u>	<u>\$ 65 461</u>

Investment fees totaled \$4,370 in 2019 and \$5,302 in 2018.

## Notes to Financial Statements April 30, 2019 and 2018

### 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 2019 and \$2,500 in 2018 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, 2019 was \$3,413 and for 2018 totaled \$3,392.

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 2019 totaled \$61,812 and for 2018 \$60,178.

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.

## Notes to Financial Statements April 30, 2019 and 2018

### 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 an 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 - Net assets with donor restrictions

Net assets with donor restrictions 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.

Net assets with donor restrictions also consist of balances to be used for capital campaign purposes.

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

	<u>2019</u>	<u>2018</u>
Endowment funds	\$ 886 363	\$ 881 736
Capital campaign	<u>10 762</u>	<u>10 762</u>
Total net assets with donor restrictions	<u><u>897 125</u></u>	<u><u>892 498</u></u>

Total net assets released from restrictions amounted \$38,000 for capital uses. Net assets with donor restrictions are composed of cash and cash equivalents as well as investments.

## Notes to Financial Statements April 30, 2019 and 2018

### Note 9 - Subsequent events

In preparing these financial statements, The Foundation has evaluated events and transactions for potential recognition or disclosure through June 18, 2019 the date the financial statements were issued.

### Note 10 - Future accounting pronouncements

In February 2016, *Financial Accounting Standards Board* (FASB) issued new guidance over leases which requires that all leasing activity with terms greater than one year be recognized on the statement of financial position with a right of use asset and a lease liability. The asset and corresponding liability will be calculated based upon the present value of lease payments. The new standard will be effective for periods beginning after December 2019.

### Note 11 - Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2019</u>
Total financial assets, current assets	\$ 322 899
Less those available for general expenditures within one year due to:	
Purpose restrictions	10 762
Purpose restrictions/endowment funds	<u>23 916</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 288 221</u></u>