

Jamestown-Yorktown Foundation, Inc.

Financial Statements

June 30, 2021 and 2020



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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; 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. Those standards require that we plan and perform the audits 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, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

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

February 2, 2022
Glen Allen, Virginia

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statements of Financial Position
June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 2,853,196	\$ 506,428
Investments	22,239,209	19,748,855
Promises to give, net - current portion	254,188	372,143
Prepaid expenses and other assets	<u>2,201</u>	<u>325</u>
Total current assets	25,348,794	20,627,751
Other assets:		
Promises to give, net - less current portion	<u>226,373</u>	<u>445,732</u>
Total assets	<u>\$ 25,575,167</u>	<u>\$ 21,073,483</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	<u>\$ 847,488</u>	<u>\$ 427,970</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,505,442	3,418,125
Board designated	<u>12,148,334</u>	<u>8,723,893</u>
Total without donor restrictions	15,653,776	12,142,018
With donor restrictions	<u>9,073,903</u>	<u>8,503,495</u>
Total net assets	<u>24,727,679</u>	<u>20,645,513</u>
Total liabilities and net assets	<u>\$ 25,575,167</u>	<u>\$ 21,073,483</u>

See accompanying notes to financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Annual fund support	\$ 809,218	\$ -	\$ 809,218
Contributions	390,617	280,792	671,409
Interest and dividends, net	195,810	92,180	287,990
Net unrealized and realized gains on investments	2,969,615	1,484,403	4,454,018
Program service revenue	10,984	-	10,984
Other income	24,700	-	24,700
Total revenue and support	<u>4,400,944</u>	<u>1,857,375</u>	<u>6,258,319</u>
Net assets released from restrictions	<u>1,286,967</u>	<u>(1,286,967)</u>	<u>-</u>
Expenses:			
Program services	1,389,160	-	1,389,160
Supporting services:			
Management and general	386,417	-	386,417
Fundraising	400,576	-	400,576
Total expenses	<u>2,176,153</u>	<u>-</u>	<u>2,176,153</u>
Change in net assets	3,511,758	570,408	4,082,166
Net assets, beginning of year	<u>12,142,018</u>	<u>8,503,495</u>	<u>20,645,513</u>
Net assets, end of year	<u>\$ 15,653,776</u>	<u>\$ 9,073,903</u>	<u>\$ 24,727,679</u>

See accompanying notes to financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Annual fund support	\$ 913,811	\$ -	\$ 913,811
Contributions	583,853	638,510	1,222,363
Net unrealized and realized gains on investments	681,178	343,692	1,024,870
Program service revenue	<u>6,817</u>	<u>-</u>	<u>6,817</u>
Total revenue and support	<u>2,185,659</u>	<u>982,202</u>	<u>3,167,861</u>
 Net assets released from restrictions	 <u>1,150,494</u>	 <u>(1,150,494)</u>	 <u>-</u>
 Expenses:			
Program services	1,335,741	-	1,335,741
Supporting services:			
Management and general	507,042	-	507,042
Fundraising	<u>428,208</u>	<u>-</u>	<u>428,208</u>
Total expenses	<u>2,270,991</u>	<u>-</u>	<u>2,270,991</u>
 Change in net assets	 1,065,162	 (168,292)	 896,870
 Net assets, beginning of year	 <u>11,076,856</u>	 <u>8,671,787</u>	 <u>19,748,643</u>
 Net assets, end of year	 <u>\$ 12,142,018</u>	 <u>\$ 8,503,495</u>	 <u>\$ 20,645,513</u>

See accompanying notes to financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants	\$ 907,754	\$ -	\$ -	\$ 907,754
Accounting	-	17,500	-	17,500
Acquisitions	44,933	-	-	44,933
Advertising and promotion	13,765	1,413	-	15,178
Awards and incentives	-	2,753	2,261	5,014
Direct fundraising	-	-	82,253	82,253
Events and exhibits	325,845	-	-	325,845
Insurance	-	15,170	-	15,170
Management services	55,340	314,481	256,578	626,399
Office expenses	13,171	33,399	29,138	75,708
Travel	-	51	33	84
Other expenses	<u>28,352</u>	<u>1,650</u>	<u>30,313</u>	<u>60,315</u>
Total expenses	<u>\$ 1,389,160</u>	<u>\$ 386,417</u>	<u>\$ 400,576</u>	<u>\$ 2,176,153</u>

See accompanying notes to financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Grants	\$ 231,271	\$ -	\$ -	\$ 231,271
Accounting	-	17,337	-	17,337
Acquisitions	392,908	-	-	392,908
Advertising and promotion	76,721	9,415	-	86,136
Awards and incentives	395	5,286	1,141	6,822
Direct fundraising	-	-	94,822	94,822
Events and exhibits	521,681	-	-	521,681
Insurance	2,311	14,363	-	16,674
Legal services	-	670	-	670
Management services	64,099	416,914	297,186	778,199
Office expenses	6,505	17,981	17,341	41,827
Travel	-	4,881	458	5,339
Other expenses	<u>39,850</u>	<u>20,195</u>	<u>17,260</u>	<u>77,305</u>
Total expenses	<u>\$ 1,335,741</u>	<u>\$ 507,042</u>	<u>\$ 428,208</u>	<u>\$ 2,270,991</u>

See accompanying notes to financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows used in operating activities:		
Change in net assets	\$ 4,082,166	\$ 896,870
Adjustments to reconcile change in net assets to cash from operating activities:		
Reinvested interest and dividends	(287,990)	-
Net realized and unrealized gains on investments, net	(4,454,018)	(1,024,870)
Donor restricted contributions to endowment	(400,131)	(43,536)
Changes in operating assets and liabilities:		
Promises to give, net	337,314	63,470
Prepaid expenses and other assets	(1,876)	1,763
Accounts payable	<u>419,518</u>	<u>(150,101)</u>
Net cash used in operating activities	<u>(305,017)</u>	<u>(256,404)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	23,019,502	179,999
Purchase of investments	<u>(20,767,848)</u>	<u>-</u>
Net cash from investing activities	<u>2,251,654</u>	<u>179,999</u>
Cash flow from financing activities:		
Donor restricted contributions to endowment	<u>400,131</u>	<u>43,536</u>
Net change in cash and cash equivalents	2,346,768	(32,869)
Cash and cash equivalents, beginning of year	<u>506,428</u>	<u>539,297</u>
Cash and cash equivalents, end of year	<u>\$ 2,853,196</u>	<u>\$ 506,428</u>
Supplemental disclosure of noncash transactions:		
Gifts-in-kind	<u>\$ 24,863</u>	<u>\$ 62,662</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.

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.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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 spending policy (Note 10).

Gifts-in-Kind: Gifts-in-kind items received by the Foundation consist primarily of donated artifacts and services and are recorded as contributions along with a corresponding charge to expense or capitalized cost. During the years ended June 30, 2021 and 2020, \$24,863 and \$62,662, 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.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Functional Expenses: The Foundation allocates its expenses on a functional basis among its various programs and supporting services in the statements 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.

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, 2021 and 2020, two donors comprised 80% and 67% 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.

Subsequent Events: Management has evaluated subsequent events through February 2, 2022, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

3. Fair Value Measurements:

The Foundation follows FASB guidance on fair value measurements. The provisions of the guidance provide 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:

- | | |
|---------|---|
| 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, 2021 and 2020, there are no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

Fixed income securities: Valued at original cost adjusted for any premium or coupon.

Unconditional promises to give: Discounted to present value using estimate of future cash flows.

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.

During fiscal year 2021, the Foundation transferred its investments from TIFF Asset Management to Wells Fargo.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

3. Fair Value Measurements, Continued:

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, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Domestic equities	\$ 8,678,665	\$ -	\$ -	\$ 8,678,665
Foreign equities	6,748,284	-	-	6,748,284
Alternative investments	1,766,647	-	-	1,766,647
Fixed income	1,076,207	-	-	1,076,207
Fixed income:				
Government obligations	-	1,797,600	-	1,797,600
Corporate obligations	-	1,735,073	-	1,735,073
Mortgage backed securities	-	436,733	-	436,733
Unconditional promises to give	-	-	480,561	480,561
Total	<u>\$18,269,803</u>	<u>\$ 3,969,406</u>	<u>\$ 480,561</u>	<u>\$22,719,770</u>

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Multi-asset mutual fund	\$ -	\$19,748,855	\$ -	\$19,748,855
Unconditional promises to give	-	-	817,875	817,875
Total	<u>\$ -</u>	<u>\$19,748,855</u>	<u>\$ 817,875</u>	<u>\$20,566,730</u>

The following table summarizes the changes to Level 3 assets for the years ended June 30, 2021 and 2020:

	2021	2020
Fair value, beginning of year	\$ 817,875	\$ 881,345
New promises to give	38,797	514,309
Promises to give payments and write-offs	(374,954)	(585,679)
Change in fair value and adjustments	(1,157)	7,900
Fair value, end of year	<u>\$ 480,561</u>	<u>\$ 817,875</u>

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Investments:

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

	June 30, 2021		
	Cost	Fair Value	Cumulative Unrealized Gains
Mutual funds	\$14,728,008	\$18,269,803	\$ 3,541,795
Fixed income	<u>4,027,855</u>	<u>3,969,406</u>	<u>(58,449)</u>
	<u>\$18,755,863</u>	<u>\$22,239,209</u>	<u>\$ 3,483,346</u>
	June 30, 2020		
	Cost	Fair Value	Cumulative Unrealized Losses
Multi-asset mutual fund	<u>\$21,108,078</u>	<u>\$19,748,855</u>	<u>\$ (1,359,223)</u>

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

	2021	2020
Interest and dividends, net	\$ 287,990	\$ -
Net realized loss on investments	(388,551)	(67,133)
Net unrealized gain on investments	5,006,130	1,092,003
Investment fees	<u>(163,561)</u>	<u>-</u>
Total investment income, net	<u>\$ 4,742,008</u>	<u>\$ 1,024,870</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 2021 and 2020, collections in the amount of \$44,933 and \$392,908, respectively, were purchased by the Foundation and included in program services expense. There were no sales during 2021 and 2020.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

6. Promises to Give:

Unconditional promises to give are reflected at the present value of estimated future cash flows using discount rates of 0.89% and 0.29% at June 30, 2021 and 2020, respectively.

Unconditional promises to give:	2021	2020
Within one year	\$ 254,188	\$ 372,143
In one to five years	242,429	460,631
Total promises to give	496,617	832,774
Less: discount to net present value	(11,198)	(6,638)
Less: allowance for uncollectible promises	(4,858)	(8,261)
	480,561	817,875
Less: current portion	(254,188)	(372,143)
	\$ 226,373	\$ 445,732

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.

7. Transfers to Commonwealth:

During 2021 and 2020, 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:

	2021	2020
Educational programs	\$ 896,747	\$ 205,021
Exhibits	12,366	26,250
Total	\$ 909,113	\$ 231,271

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

8. Program Services:

During 2021 and 2020, the Foundation expended resources for the following programs:

	<u>2021</u>	<u>2020</u>
Events and exhibits	\$ 325,845	\$ 521,681
Other program expenditures	110,628	189,881
Grants and other assistance	907,754	231,271
Acquisitions	44,933	392,908
Total	<u>\$ 1,389,160</u>	<u>\$ 1,335,741</u>

9. Net Assets With Donor Restrictions:

At June 30, 2021 and 2020, nets assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Endowment – with purpose restrictions	\$ 8,160,282	\$ 6,821,639
American Revolution Museum at Yorktown	175,155	663,505
Exhibits and artifacts	307,736	244,545
Education programs	324,607	602,764
Other	92,373	167,292
Development support	13,750	3,750
Total net assets with donor restrictions	<u>\$ 9,073,903</u>	<u>\$ 8,503,495</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>2021</u>	<u>2020</u>
Exhibits and artifacts	\$ 109,063	\$ 337,579
American Revolution Museum at Yorktown	323,393	150,469
Endowment – with purpose restrictions	247,454	256,540
Education programs	425,580	156,075
Gift in kind restricted	22,431	55,312
Other	159,046	192,269
Development support	<u>-</u>	<u>2,250</u>
Total net assets with donor restrictions	<u>\$ 1,286,967</u>	<u>\$ 1,150,494</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.

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.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

10. Endowment Funds, Continued:

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 UPMIFA. In accordance with 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 2021 and 2020 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. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period.

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.

JAMESTOWN-YORKTOWN FOUNDATION, INC.

Notes to Financial Statements, Continued

10. Endowment Funds, Continued:

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 2021 and 2020, the Foundation did not take the full distribution due to the board decision to make a more conservative distribution of 4%. The distribution for 2021 and 2020 was \$247,454 and \$256,540, 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 2021 and 2020, \$6,677 and \$25,525, respectively, were withdrawn from the fund. There were no funds released during 2021 and 2020.

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 2021 and 2020, \$34,347 and \$23,135, respectively, were withdrawn from the fund. During 2021 and 2020, \$12,088 and \$61,017, respectively, were released.

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 2021 and 2020, \$218,098 and \$211,486, 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:

Endowment net assets composition by type of fund was as follows as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$12,148,334	\$ -	\$12,148,334
Donor-restricted endowment funds	<u>-</u>	<u>8,160,282</u>	<u>8,160,282</u>
Total funds	<u>\$12,148,334</u>	<u>\$ 8,160,282</u>	<u>\$20,308,616</u>

Endowment net assets composition by type of fund was as follows as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 8,723,893	\$ -	\$ 8,723,893
Donor-restricted endowment funds	<u>-</u>	<u>6,821,639</u>	<u>6,821,639</u>
Total funds	<u>\$ 8,723,893</u>	<u>\$ 6,821,639</u>	<u>\$15,545,532</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, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ 7,711,686	\$ 6,690,951	\$14,402,637
Contributions	-	43,536	43,536
Investment Return:			
Net unrealized and realized gains	681,178	343,692	1,024,870
Amounts appropriated for expenditure	(204,433)	(256,540)	(460,973)
Transfers into Board designated endowment	535,462	-	535,462
Endowment net assets, June 30, 2020	8,723,893	6,821,639	15,545,532
Contributions	390,617	9,514	400,131
Investment Return:			
Interest and dividends, net	195,810	92,180	287,990
Net unrealized and realized gains	2,969,615	1,484,403	4,454,018
Amounts appropriated for expenditure	(131,601)	(247,454)	(379,055)
Endowment net assets, June 30, 2021	\$ 12,148,334	\$ 8,160,282	\$20,308,616

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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 2,853,196	\$ 506,428
Investments	22,239,209	19,748,855
Promises to give, collectible in one year	<u>254,188</u>	<u>372,143</u>
Total	<u>25,346,593</u>	<u>20,627,426</u>
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	8,847,530	8,057,763
Net assets with board designations	<u>12,148,334</u>	<u>8,723,893</u>
Total	<u>20,995,864</u>	<u>16,781,656</u>
Financial assets available in one year for general expenditure	<u>\$ 4,350,729</u>	<u>\$ 3,845,770</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 for the year ended June 30, 2020. The amount of promises to give due from Board members amounted to \$282,590 and \$492,942 at June 30, 2021 and 2020, respectively. Accordingly, the Foundation received payments of \$200,160 and \$305,546 from Board members during the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Foundation owed the Commonwealth \$810,075 and \$414,484, 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

12. Related Parties, Continued:

During 2020, the Foundation agreed to provide financial assistance in the form of a loan not to exceed \$500,000 to the Jamestown-Yorktown Foundation. The loan is to be used to provide cash flow and operational support to the Jamestown-Yorktown Foundation due to the economic impacts of the COVID-19 pandemic. The loan does not incur interest nor fees. As of June 30, 2021, there was no balance on the loan.

13. New Accounting Guidance:

In-Kind Gifts: In September 2020, the FASB issued ASU 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The standard provides additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions. The ASU now requires nonprofit organizations to present in-kind contributions as a separate line item in the financial statements and to provide additional disclosures in the notes covering the following areas:

- A description of the organization's policy for monetizing rather than utilizing in-kind contributions;
- A listing of in-kind contributions categorized by type with a description about whether each type was monetized or utilized during the reporting period;
- For in-kind contributions that were utilized during the reporting period, the nonprofit must include a description of the programs or activities in which those contributions were used; and
- A description of the valuation process utilized by the organization to determine the fair value of the in-kind contributions.

The ASU is effective for periods beginning after June 30, 2021. The Foundation is currently evaluating the reporting and economic implications of the new standard.