



**ACCESS College Foundation  
(A Non-Profit Organization)**

**Financial Statements**  
Years ended June 30, 2019 and 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**ACCESS College Foundation  
(A Non-Profit Organization)**

---

Financial Statements  
Years ended June 30, 2019 and 2018

**ACCESS College Foundation  
(A Non-Profit Organization)**

**Contents**

---

<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-23



## Independent Auditor's Report

The Board of Directors  
ACCESS College Foundation  
Norfolk, Virginia

We have audited the accompanying financial statements of ACCESS College Foundation (a non-profit organization, the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 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 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 risks 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 ACCESS College Foundation as of June 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.

*BDO USA, LLP*

January 13, 2020

## Financial Statements

---

**ACCESS College Foundation**  
**Statements of Financial Position**

<i>June 30,</i>	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,054,084	\$ 1,098,513
Restricted cash	122,916	46,289
Promises to give, net	434,618	2,535,853
Investments, at fair value	52,658,906	49,619,574
Property and equipment, net	82,719	79,790
Work in process	43,909	-
<b>Total Assets</b>	<b>\$ 54,397,152</b>	<b>\$ 53,380,019</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 209,588	\$ 197,492
<b>Net Assets</b>		
Net assets without donor restrictions	971,124	980,811
Net assets with donor restrictions	53,216,440	52,201,716
<b>Total Net Assets</b>	<b>54,187,564</b>	<b>53,182,527</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 54,397,152</b>	<b>\$ 53,380,019</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Activities

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue</b>			
Contributions	\$ 1,328,160	\$ 828,420	\$ 2,156,580
Gifts in kind	408,158	-	408,158
Interest income	3,115	187,151	190,266
Dividend income	-	731,767	731,767
Net realized losses	-	(510,466)	(510,466)
Net unrealized gains	-	2,447,248	2,447,248
	<b>1,739,433</b>	<b>3,684,120</b>	<b>5,423,553</b>
Net assets released from restrictions	2,669,396	(2,669,396)	-
<b>Total Operating Revenue</b>	<b>4,408,829</b>	<b>1,014,724</b>	<b>5,423,553</b>
<b>Operating Expenses</b>			
Program services	3,442,979	-	3,442,979
General and administrative	355,632	-	355,632
Fundraising	619,905	-	619,905
<b>Total Operating Expenses</b>	<b>4,418,516</b>	<b>-</b>	<b>4,418,516</b>
<b>Change in Net Assets</b>	<b>(9,687)</b>	<b>1,014,724</b>	<b>1,005,037</b>
<b>Net Assets, beginning of year</b>	<b>980,811</b>	<b>52,201,716</b>	<b>53,182,527</b>
<b>Net Assets, end of year</b>	<b>\$ 971,124</b>	<b>\$ 53,216,440</b>	<b>\$ 54,187,564</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Activities

<i>Year Ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue</b>			
Contributions	\$ 1,007,115	\$ 2,786,859	\$ 3,793,974
Gifts in kind	262,375	-	262,375
Interest income	1,300	179,206	180,506
Dividend income	-	607,293	607,293
Net realized gains	-	530,114	530,114
Net unrealized gains	-	2,575,989	2,575,989
	1,270,790	6,679,461	7,950,251
Net assets released from restrictions	2,491,896	(2,491,896)	-
<b>Total Operating Revenue</b>	<b>3,762,686</b>	<b>4,187,565</b>	<b>7,950,251</b>
<b>Operating Expenses</b>			
Program services	3,306,974	-	3,306,974
General and administrative	364,283	-	364,283
Fundraising	609,717	-	609,717
<b>Total Operating Expenses</b>	<b>4,280,974</b>	<b>-</b>	<b>4,280,974</b>
<b>Change in Net Assets</b>	<b>(518,288)</b>	<b>4,187,565</b>	<b>3,669,277</b>
<b>Net Assets, beginning of year</b>	<b>1,499,099</b>	<b>48,014,151</b>	<b>49,513,250</b>
<b>Net Assets, end of year</b>	<b>\$ 980,811</b>	<b>\$ 52,201,716</b>	<b>\$ 53,182,527</b>

*See accompanying notes to financial statements.*

**ACCESS College Foundation**  
**Statements of Functional Expenses**

<i>Year Ended June 30, 2019</i>	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,861,864	\$ 196,362	\$ 316,122	\$ 2,374,348
Payroll taxes	130,783	13,280	26,272	170,335
Employee benefits	383,601	24,456	41,557	449,614
<b>Total Personnel</b>	<b>2,376,248</b>	<b>234,098</b>	<b>383,951</b>	<b>2,994,297</b>
Bank charges	-	8,914	-	8,914
Donated services and facilities	65,155	6,118	9,788	81,061
Dues and subscriptions	2,915	2,441	3,951	9,307
Insurance	-	18,639	-	18,639
Marketing	12,803	8,144	31,279	52,226
Office supplies and expenses	53,449	13,760	36,404	103,613
Postage	7,646	72	2,350	10,068
Publications and printing	13,518	6,749	21,089	41,356
Purchased services	179,500	46,059	115,855	341,414
Repairs and maintenance	13,521	3,776	7,420	24,717
Staff recognition	4,691	1,313	657	6,661
Student grants	666,736	-	-	666,736
Travel and conferences	40,564	3,943	4,475	48,982
<b>Total expenses before depreciation</b>	<b>3,436,746</b>	<b>354,026</b>	<b>617,219</b>	<b>4,407,991</b>
Depreciation	6,233	1,606	2,686	10,525
<b>Total Expenses</b>	<b>\$ 3,442,979</b>	<b>\$ 355,632</b>	<b>\$ 619,905</b>	<b>\$ 4,418,516</b>

*See accompanying notes to financial statements.*

**ACCESS College Foundation**  
**Statements of Functional Expenses**

<i>Year Ended June 30, 2018</i>	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,684,000	\$ 182,556	\$ 350,110	\$ 2,216,666
Payroll taxes	120,592	12,732	25,807	159,131
Employee benefits	387,741	29,995	54,446	472,182
<b>Total Personnel</b>	<b>2,192,333</b>	<b>225,283</b>	<b>430,363</b>	<b>2,847,979</b>
Bank charges	-	10,226	-	10,226
Donated services and facilities	60,536	8,509	9,596	78,641
Dues and subscriptions	2,473	2,240	4,129	8,842
Insurance	-	18,275	139	18,414
Marketing	15,569	10,572	46,195	72,336
Office supplies and expenses	45,715	15,309	19,987	81,011
Postage	3,623	1,292	1,551	6,466
Publications and printing	63,071	1,808	30,138	95,017
Purchased services	175,534	57,508	54,936	287,978
Repairs and maintenance	12,460	4,647	6,369	23,476
Staff recognition	5,977	687	1,259	7,923
Student grants	674,925	-	-	674,925
Travel and conferences	45,428	4,912	3,045	53,385
<b>Total expenses before depreciation</b>	<b>3,297,644</b>	<b>361,268</b>	<b>607,707</b>	<b>4,266,619</b>
Depreciation	9,330	3,015	2,010	14,355
<b>Total Expenses</b>	<b>\$ 3,306,974</b>	<b>\$ 364,283</b>	<b>\$ 609,717</b>	<b>\$ 4,280,974</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Statements of Cash Flows

Year Ended June 30,	2019	2018
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,005,037	\$ 3,669,277
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	10,525	14,355
Payments received on endowment promises to give	(1,730,028)	(3,083,352)
Net realized and unrealized gains on investments	(1,936,782)	(3,106,103)
Changes in operating assets and liabilities		
Restricted cash	(76,627)	(46,289)
Promises to give	2,101,235	1,846,062
Accounts payable and accrued expenses	12,096	90,257
<b>Net Cash Used in Operating Activities</b>	<b>(614,544)</b>	<b>(615,793)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(57,363)	(9,610)
Purchase of investments	(4,700,665)	(8,586,089)
Proceeds from sales or maturities of investments	3,598,115	5,728,848
<b>Net Cash Used in Investing Activities</b>	<b>(1,159,913)</b>	<b>(2,866,851)</b>
<b>Net Cash Provided by Financing Activities</b>		
Payments received on endowment promises to give	1,730,028	3,083,352
<b>Net Change in Cash and Cash Equivalents</b>	<b>(44,429)</b>	<b>(399,292)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,098,513</b>	<b>1,497,805</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,054,084</b>	<b>\$ 1,098,513</b>

*See accompanying notes to financial statements.*

# ACCESS College Foundation

## Notes to Financial Statements

---

### 1. Nature of Organization

ACCESS College Foundation (the Foundation) is a publicly supported organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The purpose of the Foundation is to provide educational pathways leading to certification or college degree attainment and career opportunities for students, particularly those who may not otherwise have access. The Foundation provided postsecondary education planning to more than 5,200 high school juniors, seniors, and college students during 2019 and 5,900 in 2018. Of those students, 3,965 families disclosed their income and more than 76% were verified to be low-income. Based on federal free- and reduced-lunch statistics, other families were likely low-income as well, but did not officially disclose their information. Postsecondary education planning includes school-based advisory services for college preparation and success. The Foundation provides guidance to students throughout the college admissions process including assistance with college applications, college tours to prospective campuses, and the leveraging of financial aid, scholarships, and grants needed to attend college. The Foundation awarded more than 500 scholarships to qualifying students in 2019 and 500 in 2018.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of the Foundation are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

#### *Recently Adopted Authoritative Guidance*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities and change in net assets, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Foundation has adopted the ASU and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented except the Foundation has opted to present the liquidity and availability information for June 30, 2019 only as permitted under the ASU in the year of adoption. There was no effect on the change in net assets reported at June 30, 2018.

# ACCESS College Foundation

## Notes to Financial Statements

---

### *Estimates*

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

For purposes of the statements of financial position and cash flows, cash and cash equivalents are defined as demand deposits, certificate of deposits and all highly liquid debt instruments purchased with an original maturity of three months or less, other than those maintained as a part of investment portfolios.

### *Restricted Cash*

Restricted cash consists of funds set aside for donor designations for scholarships and other direct assistance.

### *Promises to Give*

Promises to give represent unconditional promises to give and are recorded at net realizable value. Promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment. Management considers all promises to give to be collectible and, accordingly, has not provided an allowance for uncollectible promises to give. Conditional promises to give are not included as support until the conditions are substantially met.

### *Investments*

Investments in marketable debt and equity securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation holds certain investments in partnerships that are valued at net asset value which management believes approximates fair value. The related unrealized gains and losses are included in the change in net assets in the statements of activities. Realized gains and losses on investment transactions are determined on an average cost basis. Fees totaling \$57,105 and \$57,013 in 2019 and 2018, respectively, were deducted from investment gains.

### *Property and Equipment*

The Foundation capitalizes property and equipment purchased costing \$500 or more with an estimated useful life greater than one year. Property and equipment are recorded at cost and depreciated using the straight-line method, based on the following useful lives:

---

	Years
Furniture and equipment	5 - 7 years
Leasehold improvements	39 years
Software	3 years

---

# ACCESS College Foundation

## Notes to Financial Statements

---

### *Net Asset Classification*

The Foundation classifies its net assets into two categories as defined below:

**Net Assets without Donor Restrictions** - Net assets without donor restrictions consist of amounts available for the general operations of the Foundation.

**Net Assets with Donor Restrictions** - Net assets with donor restrictions consists of gifts of cash or other assets whose use is subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use the income earned on the related investments for general or specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### *Donations*

Donated facilities and services are recorded as revenue and expense in the period of use at fair value. The Foundation's facilities were donated by certain local public schools systems and the City of Norfolk.

Contributions of donated stock and property are immediately sold when received from the donor, by resolution of the board of directors. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. In addition, a substantial number of volunteers have donated significant amounts of their time to further the mission of the Foundation. The value of these volunteer services is not reflected in the accompanying statements of activities.

### *Functional Allocation of Expenses*

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. Other expenses are allocated based on estimates of time and effort.

# ACCESS College Foundation

## Notes to Financial Statements

---

### *Income Taxes*

The Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Exempt organizations are subject to tax on income from regularly conducted trade or business activities that are not substantially related to the organization's exempt purpose. Returns are generally subject to examinations for three years from the date filed. This period of limitations has expired for returns filed for tax years 2015 and earlier. Management continually evaluates tax positions reflected in the Foundation's tax filings and does not believe that any material uncertain tax positions exist.

### *Subsequent Events*

Management has evaluated subsequent events through January 13, 2020, the date which the financial statements were available for issue.

### **3. Related Party Transactions**

During 2019 and 2018, two members of the Board of Directors were owners in Signature Wealth Management, the Foundation's investment advisor. The Foundation paid Signature Wealth Management \$104,080 and \$85,123 in advisory and management fees for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, the Foundation had \$26,785,115 and \$23,066,091, respectively, in various investment funds managed by Signature Wealth Management.

During 2019 and 2018, a member of the Board of Directors was an officer in Harbor Group International, with whom the Foundation has investments. The Foundation paid Harbor Group International \$10,935 and \$21,086 in management and acquisition fees for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018 the Foundation had \$1,290,207 and \$1,922,776, respectively, in various investment funds managed by Harbor Group International.

### **4. Liquidity and Availability of Resources**

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

*June 30, 2019*

---

Cash and cash equivalents	\$ 1,054,084
Restricted cash	122,916
Promises to give, net	434,618
Investments	52,658,906
<b>Total Financial Assets</b>	<b>54,270,524</b>
<hr/>	
Adjustments for amounts not available for general expenditures within one year	
Net assets with donor restrictions	(53,216,440)
Promises to give expected to be received for general expenditures within one year	237,687
Endowment spending-rate distributions and appropriations	2,166,646
<b>Total Financial Assets Available for General Expenditures within One Year</b>	<b>\$ 3,458,417</b>

---

# ACCESS College Foundation

## Notes to Financial Statements

---

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### 5. Promises to Give

Promises to give are summarized as follows as of June 30:

	2019	2018
Receivable in less than one year	\$ 385,709	\$ 1,150,631
Receivable in one to five years	50,000	1,418,600
Total promises to give	435,709	2,569,231
Less discount to net present value (ranging from 1.1% - 2.4%)	(1,091)	(33,378)
<b>Promises to Give, net</b>	<b>\$ 434,618</b>	<b>\$ 2,535,853</b>

Promises to give are principally from donors in the Hampton Roads area. The concentration of credit risk is partially mitigated by the large number of donors. The Foundation does not require collateral in relation to these promises to give.

### 6. Investments

Investments are summarized as follows as of June 30:

<i>June 30,</i>	2019	2018
Money market funds	\$ 3,591,938	\$ 3,490,399
Domestic equity mutual funds	6,442,970	5,690,776
Municipal bonds	5,865,535	5,167,382
Corporate bonds	1,275,214	1,434,946
Debt strategy	1,290,207	2,389,221
Foreign funds	15,807,684	14,756,924
Real assets	3,904,854	3,060,403
Private equity	3,393,485	3,013,514
Multi-strategy and other	11,087,019	10,616,009
<b>Investments</b>	<b>\$ 52,658,906</b>	<b>\$ 49,619,574</b>

At June 30, 2019, the Foundation had committed aggregate capital of \$12,650,000 to certain partnership investments of which \$3,582,853 had not yet been called.

# ACCESS College Foundation

## Notes to Financial Statements

---

### 7. Fair Value Measurements

The Foundation's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

ASC 820 permits, as a practical expedient, an entity holding investments in certain entities that have the attributes described in ASC 946, *Financial Services - Investment Companies*, or have attributes similar to such entities, and calculate Net Asset Value (NAV) per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment.

The Foundation uses the practical expedient to value its investments in certain partnerships. At June 30, 2019 and 2018, all of the Foundation's investments were either Level 1, Level 2, or valued using the practical expedient. Investments using the practical expedient are not categorized within the fair value hierarchy, and are presented as Other Investments in the following tables for purposes of reconciling to the Statements of Financial Position.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Money market funds and domestic equity mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds and municipal bonds:* Valued based on a compilation of primarily observable market information in an inactive market.

# ACCESS College Foundation

## Notes to Financial Statements

The following table sets forth by level within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2019 on a recurring basis:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 3,591,938	\$ -	\$ -	\$ -	\$ 3,591,938
Domestic equity mutual funds	6,442,970	-	-	-	6,442,970
Municipal bonds	-	5,865,535	-	-	5,865,535
Corporate bonds	-	1,275,214	-	-	1,275,214
Debt strategy	-	-	-	1,290,207	1,290,207
Foreign funds	-	-	-	15,807,684	15,807,684
Real assets	-	-	-	3,904,854	3,904,854
Private equity	-	-	-	3,393,485	3,393,485
Multi-strategy and other	-	-	-	11,087,019	11,087,019
<b>Total</b>	<b>\$ 10,034,908</b>	<b>\$ 7,140,749</b>	<b>\$ -</b>	<b>\$ 35,483,249</b>	<b>\$ 52,658,906</b>

The following table sets forth by level within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2018 on a recurring basis:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 3,490,399	\$ -	\$ -	\$ -	\$ 3,490,399
Domestic equity mutual funds	5,690,776	-	-	-	5,690,776
Municipal bonds	-	5,167,382	-	-	5,167,382
Corporate bonds	-	1,434,946	-	-	1,434,946
Debt strategy	-	-	-	2,389,221	2,389,221
Foreign funds	-	-	-	14,756,924	14,756,924
Real assets	-	-	-	3,060,403	3,060,403
Private equity	-	-	-	3,013,514	3,013,514
Multi-strategy and other	-	-	-	10,616,009	10,616,009
<b>Total</b>	<b>\$ 9,181,175</b>	<b>\$ 6,602,328</b>	<b>\$ -</b>	<b>\$ 33,836,071</b>	<b>\$ 49,619,574</b>

# ACCESS College Foundation

## Notes to Financial Statements

The following summarizes the liquidity of investments that calculate fair value based on net asset value per share as of June 30, 2019:

Description	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Debt strategy	Illiquid		\$ 1,290,207	\$ -
Foreign funds	Monthly	10 days	15,807,684	-
Real assets	Quarterly	30 days	785,706	-
Real assets	Illiquid		3,119,148	2,055,353
Private equity	Illiquid		3,393,485	1,527,500
Absolute return	Biennially	105 days	5,512,436	-
Absolute return	Annual	90 days	5,574,583	-
<b>Total</b>			<b>\$ 35,483,249</b>	<b>\$ 3,582,853</b>

For investments with an illiquid redemption frequency, the redemptions of these investments are left to the discretion of the general partner or manager of the funds.

The following summarizes the liquidity of investments that calculate fair value based on net asset value per share as of June 30, 2018:

Description	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Debt strategy	Illiquid		\$ 2,389,221	\$ -
Foreign funds	Monthly	10 days	14,756,924	-
Real assets	Quarterly	30 days	828,116	-
Real assets	Illiquid		2,232,287	1,016,267
Private equity	Illiquid		3,013,514	1,060,000
Absolute return	Biennially	105 days	6,190,609	-
Absolute return	Annual	90 days	4,425,400	-
<b>Total</b>			<b>\$ 33,836,071</b>	<b>\$ 2,076,267</b>

The following is a summary of the various investment strategies for investments valued based on net asset value per share:

Debt strategy includes investments in the securitization of senior mortgages, primarily multi-family properties.

Foreign funds include investments in partnerships and separately management accounts where the managers invest in stocks throughout the world.

Real assets include investments in natural gas and wind energy properties, fund of funds invested in diversified property types, and fund of funds focused on income producing opportunities.

# ACCESS College Foundation

## Notes to Financial Statements

---

Private equity includes investments in diversified partnerships used to invest in illiquid asset classes, fund of funds focused on diversified US private equity and venture capital managers, and fund of funds investing primarily in early-stage venture capital funds.

Absolute return includes fund of funds pursuing absolute returns by offering exposure to long/short equity hedge funds and fund of funds investing in diversified managers.

### 8. Property and Equipment

Property and equipment consisted of the following:

<i>June 30,</i>	2019	2018
Furniture and equipment	\$ 129,792	\$ 136,497
Leasehold improvements	79,251	79,251
Software	9,412	10,034
Less accumulated depreciation	(135,736)	(145,992)
<b>Property and Equipment, net</b>	<b>\$ 82,719</b>	<b>\$ 79,790</b>

### 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

<i>June 30,</i>	2019	2018
Restricted for specific purpose or time		
Scholarships and other direct assistance	\$ 17,513,980	\$ 16,720,682
Implementation	5,571	115,479
Promises to give	248,116	435,544
Early awareness	-	750
Special events	-	19,000
Western Tidewater	200,000	-
<b>Total restricted for specific purpose or time</b>	<b>17,967,667</b>	<b>17,291,455</b>
Restricted in perpetuity		
Scholarships and other direct assistance	35,035,843	32,993,930
Promises to give	212,930	1,916,331
<b>Total restricted in perpetuity</b>	<b>35,248,773</b>	<b>34,910,261</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 53,216,440</b>	<b>\$ 52,201,716</b>

# ACCESS College Foundation

## Notes to Financial Statements

---

### 10. Net Assets Released from Restrictions

Net assets of the Foundation were released from donor restrictions by satisfying the purposes or time restrictions specified by the donor as follows:

<i>Year ended June 30,</i>	2019	2018
Scholarships and other direct assistance	\$ 2,218,517	\$ 1,872,481
Implementation	106,432	120,110
Portsmouth services	-	15,000
Expiration of time restrictions	234,097	358,375
Suffolk services	32,000	30,000
Early awareness	4,250	58,589
Special events	19,000	32,400
Norfolk services	-	4,941
Virginia 529 Program	42,500	-
Equipment and technology	2,500	-
Career connection services	10,000	-
Eastern Shore services	100	-
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 2,669,396</b>	<b>\$ 2,491,896</b>

### 11. Endowments

The Foundation's endowment consists of one individual fund established for a variety of purposes. The endowment is a donor-restricted endowment fund. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Governing Board's Interpretation of Law*

The Board of Directors has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose 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 appreciation of investments;
- Other resources of the Foundation;
- The investment policies of the Foundation.

# ACCESS College Foundation

## Notes to Financial Statements

---

### *Investment 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. Endowment assets are donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested across a globally diversified set of asset classes and security types, avoiding concentration in any one market or security base. The Board of Directors is willing to accept intermediate term volatility in order to achieve a long term growth objective. The fund takes on some degree of illiquidity in order to achieve returns that are expected to be higher than market averages. The Foundation expects its endowment funds, over time, to provide an average rate of return of the Consumer Price Index plus 5 percent annually. Actual returns in any given year may vary from this amount.

### *Spending Policy*

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the preceding 12 quarters using a calendar three year moving average. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to grow in excess of the spending rate plus inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### *Underwater Endowment Funds*

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor and UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2019 and 2018.

Endowment net asset composition by type of fund is as follows:

<i>June 30, 2019</i>		Total
Amounts required to be maintained in perpetuity by donor	\$	35,248,773
Accumulated investment gains		17,357,865
<b>Total Endowment Funds</b>	<b>\$</b>	<b>52,606,638</b>

<i>June 30, 2018</i>		Total
Amounts required to be maintained in perpetuity by donor	\$	34,910,261
Accumulated investment gains		16,501,359
<b>Total Endowment Funds</b>	<b>\$</b>	<b>51,411,620</b>

# ACCESS College Foundation

## Notes to Financial Statements

Changes in endowment net assets are as follows:

		Total
Balance, June 30, 2017	\$	47,410,959
Contributions		1,846,300
Investment return, net		3,892,602
Appropriation for expenditure		(1,738,241)
Balance, June 30, 2018	\$	51,411,620
Contributions		338,512
Investment return, net		2,855,700
Appropriation for expenditure		(1,999,194)
Balance, June 30, 2019	\$	52,606,638

### 12. Employee Benefit Plans

The Foundation offers a 401(k) plan covering substantially all full-time personnel. The Foundation contributed 100% and 50% of the first 1% and next 2%, respectively, of employee deferrals to the plan for the year ended June 30, 2019. The Foundation contributed 50% of the first 6% of employee deferrals to the plan for the year ended June 30, 2018. The cost of the plan to the Foundation was \$52,268 and \$41,481 for the years ended June 30, 2019 and 2018, respectively.

### 13. Donated Assets, Facilities, and Services

The estimated fair market value of donated facilities, services and assets included in the financial statements of the Foundation for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Contract services	\$ 9,642	\$ 8,628
Rent	71,419	70,013
Total charged to expense	81,061	78,641
Donated assets, vehicles	183,000	105,232
Donated assets, stock	144,097	78,502
Total donated assets, facilities and services	\$ 408,158	\$ 262,375

# ACCESS College Foundation

## Notes to Financial Statements

---

### 14. Neighborhood Assistance Act

The Foundation was approved by the Commonwealth of Virginia to solicit contributions in the amount of \$361,365 under the Virginia Neighborhood Assistance Act (VNAA) for the period from July 1, 2018 to June 30, 2019 and \$352,229 for the period from July 1, 2017 to June 30, 2018. Contributions received from taxpaying entities are eligible for 65% Virginia state tax credit under the provisions of the VNAA for 2019 and 2018. As of June 30, 2019, and 2018, respectively, tax credits offered to qualifying entities amounted to \$361,365 and \$352,229.

### 15. Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the statements of financial position.

### 16. Concentration of Credit Risk

At various times during the years presented, the Foundation may have had on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC).

### 17. Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform with the current year financial statement presentation. These reclassifications had no effect on financial position or operating results as previously reported.