



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

Financial Statements
Years ended June 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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

November 16, 2018

Financial Statements

ACCESS College Foundation

Statements of Financial Position

<i>June 30,</i>	2018	2017
Assets		
Cash and cash equivalents	\$ 1,144,802	\$ 1,497,805
Contributions receivable, net	2,535,853	4,381,915
Investments, at fair value	49,619,574	43,656,230
Property and equipment, net	79,790	84,535
Total Assets	\$ 53,380,019	\$ 49,620,485
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 197,492	\$ 107,235
Net Assets		
Unrestricted	980,811	1,499,099
Temporarily restricted	17,291,455	14,950,190
Permanently restricted	34,910,261	33,063,961
Total Net Assets	53,182,527	49,513,250
Total Liabilities and Net Assets	\$ 53,380,019	\$ 49,620,485

See accompanying notes to financial statements.

ACCESS College Foundation

Statements of Activities

Year Ended June 30,	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Contributions	\$ 1,007,115	\$ 940,559	\$ 1,846,300	\$ 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
Capital gain distributions	-	-	-	-
	1,270,790	4,833,161	1,846,300	7,950,251
Net assets released from restrictions	2,491,896	(2,491,896)	-	-
Total Public Support and Revenue	3,762,686	2,341,265	1,846,300	7,950,251
Expenses				
Program services	3,306,974	-	-	3,306,974
Support services	364,283	-	-	364,283
Fundraising	609,717	-	-	609,717
Total Expenses	4,280,974	-	-	4,280,974
Change in Net Assets	(518,288)	2,341,265	1,846,300	3,669,277
Net Assets, beginning of year	1,499,099	14,950,190	33,063,961	49,513,250
Net Assets, end of year	\$ 980,811	\$ 17,291,455	\$ 34,910,261	\$ 53,182,527

See accompanying notes to financial statements.

ACCESS College Foundation

Statements of Activities

Year Ended June 30,	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Contributions	\$ 1,176,806	\$ 459,158	\$ 85,739	\$ 1,721,703
Gifts in kind	306,712	-	-	306,712
Interest income	1,134	169,667	-	170,801
Dividend income	-	957,109	-	957,109
Net realized gains	-	927,539	-	927,539
Net unrealized gains	-	1,945,620	-	1,945,620
Capital gain distributions	-	6,880	-	6,880
	1,484,652	4,465,973	85,739	6,036,364
Net assets released from restrictions	2,608,801	(2,608,801)	-	-
Total Public Support and Revenue	4,093,453	1,857,172	85,739	6,036,364
Expenses				
Program services	3,070,354	-	-	3,070,354
Support services	337,751	-	-	337,751
Fundraising	551,936	-	-	551,936
Total Expenses	3,960,041	-	-	3,960,041
Change in Net Assets	133,412	1,857,172	85,739	2,076,323
Net Assets, beginning of year	1,365,687	13,093,018	32,978,222	47,436,927
Net Assets, end of year	\$ 1,499,099	\$ 14,950,190	\$ 33,063,961	\$ 49,513,250

See accompanying notes to financial statements.

ACCESS College Foundation
Statements of Functional Expenses

<i>Year Ended June 30,</i>	2018			
	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
Total Personnel	2,192,333	225,283	430,363	2,847,979
Bank charges	-	10,226	-	10,226
Dues and subscriptions	2,473	2,240	4,129	8,842
Insurance	-	18,275	139	18,414
Donated services and facilities	60,536	8,509	9,596	78,641
Office supplies and expenses	45,715	15,309	19,987	81,011
Marketing	15,569	10,572	46,195	72,336
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
Total expenses before depreciation	3,297,644	361,268	607,707	4,266,619
Depreciation	9,330	3,015	2,010	14,355
Total Expenses	\$ 3,306,974	\$ 364,283	\$ 609,717	\$ 4,280,974

See accompanying notes to financial statements.

ACCESS College Foundation
Statements of Functional Expenses

<i>Year Ended June 30,</i>	2017			
	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 1,524,192	\$ 143,051	\$ 329,415	\$ 1,996,658
Payroll taxes	105,080	12,769	22,268	140,117
Employee benefits	275,345	27,798	28,556	331,699
Total Personnel	1,904,617	183,618	380,239	2,468,474
Bank charges	-	9,645	-	9,645
Dues and subscriptions	595	3,173	3,240	7,008
Insurance	-	14,847	1,171	16,018
Donated services and facilities	62,376	11,492	11,492	85,360
Office supplies and expenses	44,571	14,367	22,350	81,288
Marketing	13,366	6,914	27,390	47,670
Postage	12,011	1,446	3,559	17,016
Publications and printing	65,601	677	26,440	92,718
Purchased services	146,197	70,807	65,918	282,922
Repairs and maintenance	5,300	14,018	5,246	24,564
Staff recognition	4,695	1,169	947	6,811
Student grants	765,075	-	-	765,075
Travel and conferences	30,732	4,733	3,099	38,564
Total expenses before depreciation	3,055,136	336,906	551,091	3,943,133
Depreciation	15,218	845	845	16,908
Total Expenses	\$ 3,070,354	\$ 337,751	\$ 551,936	\$ 3,960,041

See accompanying notes to financial statements.

ACCESS College Foundation

Statements of Cash Flows

<i>Year Ended June 30,</i>	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 3,669,277	\$ 2,076,323
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	14,355	16,908
Payments received on endowment pledges	(3,083,352)	(2,015,213)
Realized and unrealized gains on investments	(3,106,103)	(2,873,159)
Capital gain distributions	-	(6,880)
Changes in operating assets and liabilities		
Contributions receivable	1,846,062	2,402,348
Prepaid expenses	-	7,540
Accounts payable and accrued expenses	90,257	3,504
Net Cash Used in Operating Activities	(569,504)	(388,629)
Cash Flows From Investing Activities		
Purchase of property and equipment	(9,610)	(8,604)
Purchase of investments	(8,586,089)	(8,710,281)
Proceeds from sales or maturities of investments	5,728,848	7,192,960
Net Cash Used in Investing Activities	(2,866,851)	(1,525,925)
Net Cash Provided by Financing Activities		
Payments received on endowment pledges	3,083,352	2,015,213
Net Change in Cash and Cash Equivalents	(353,003)	100,659
Cash and Cash Equivalents, beginning of year	1,497,805	1,397,146
Cash and Cash Equivalents, end of year	\$ 1,144,802	\$ 1,497,805

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 students, who may not have the opportunity, the path to attend and complete college. The Foundation provided postsecondary education planning to more than 12,000 high school juniors, seniors, and college students during 2018 and 13,000 in 2017. Of those students, 5,900 families disclosed their income and more than 77% 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 2018 and 600 in 2017. In addition to high school upperclassmen and college students, approximately 23,000 students in grades 7-10 attending a high-need middle or high school participated in early college awareness and readiness informational sessions and activities.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

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.

ACCESS College Foundation

Notes to Financial Statements

Contributions Receivable

Contributions receivable 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 contributions receivable is provided based upon management's judgment. Management considers all contributions to be collectible and, accordingly, has not provided an allowance for uncollectible contributions. 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 \$57,013 and \$56,979 in 2018 and 2017, 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:

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

Depreciation expense for the years ended June 30, 2018 and 2017 was \$14,355 and \$16,908, respectively.

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.

ACCESS College Foundation

Notes to Financial Statements

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated between program services, general and administrative, and fundraising.

Income Taxes

The Foundation is an organization described in Sections 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 2014 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 November 16, 2018 the date which the financial statements were available for issue.

3. Related Party Transactions

During 2018 and 2017, two members of the Board of Directors were owners in Signature Wealth Management, the Foundation's investment advisor. The Foundation paid Signature Wealth Management \$85,123 and \$71,266 in advisory and management fees for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, the Foundation had \$23,066,091 and \$15,519,933, respectively, in various investment funds managed by Signature Wealth Management.

During 2018 and 2017, 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 \$21,086 and \$22,449 in management and acquisition fees for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017 the Foundation had \$1,922,776 and \$1,658,355, respectively, in various investment funds managed by Harbor Group International.

ACCESS College Foundation

Notes to Financial Statements

4. Contributions Receivable

Contributions receivable are summarized as follows as of June 30:

	2018		2017	
Receivable in less than one year	\$	1,150,631	\$	2,599,999
Receivable in one to five years		1,418,600		1,822,081
Total contributions receivable		2,569,231		4,422,080
Less discounts to net present value		(33,378)		(40,165)
Contributions Receivable, net	\$	2,535,853	\$	4,381,915

Long-term contributions receivable are discounted using the Mid-Term Applicable Federal Rate, ranging from 1.41% to 2.50% based on when the promise to give was made. Contributions receivable 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 receivables.

5. Investments

Investments are summarized as follows as of June 30:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 3,490,399	\$ 3,490,399	\$ 2,979,407	\$ 2,979,407
Domestic equity mutual funds	5,690,776	4,998,714	5,234,091	4,954,880
Municipal bonds	5,167,382	5,227,644	5,624,957	5,530,403
Corporate bonds	1,434,946	1,474,667	746,800	743,209
Debt strategy	2,389,221	2,366,173	2,558,266	2,535,464
Foreign funds	14,756,924	7,614,140	12,722,682	7,014,140
Real assets	3,060,403	3,624,836	2,407,211	3,155,347
Private equity	3,013,514	3,533,857	2,630,536	3,577,210
Multi-strategy and other	10,616,009	6,251,111	8,752,280	4,704,124
Investments	\$ 49,619,574	\$38,581,541	\$43,656,230	\$35,194,184

At June 30, 2018, the Foundation had committed aggregate capital of \$9,650,000 to certain partnership investments of which \$2,076,267 had not yet been called.

ACCESS College Foundation

Notes to Financial Statements

6. 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, 2018 and 2017, 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, 2018 and 2017.

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, 2018 on a recurring basis:

	Level 1	Level 2	Other Investments	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
Total	\$ 9,181,175	\$ 6,602,328	\$ 33,836,071	\$ 49,619,574

The following table sets forth by level within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2017 on a recurring basis:

	Level 1	Level 2	Other Investments	Total
Money market funds	\$ 2,979,407	\$ -	\$ -	\$ 2,979,407
Domestic equity mutual funds	5,234,091	-	-	5,234,091
Municipal bonds	-	5,624,957	-	5,624,957
Corporate bonds	-	746,800	-	746,800
Debt strategy	-	-	2,558,266	2,558,266
Foreign funds	-	-	12,722,682	12,722,682
Real assets	-	-	2,407,211	2,407,211
Private equity	-	-	2,630,536	2,630,536
Multi-strategy and other	-	-	8,752,280	8,752,280
Total	\$ 8,213,498	\$ 6,371,757	\$ 29,070,975	\$ 43,656,230

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, 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	-
Total			\$ 33,836,071	\$ 2,076,267

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, 2017:

Description	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments
Debt strategy	Illiquid		\$ 2,558,266	\$ -
Foreign funds	Monthly	10 days	12,722,682	-
Real assets	Quarterly	30 days	863,084	-
Real assets	Illiquid		1,544,127	1,670,263
Private equity	Illiquid		2,630,536	1,300,000
Absolute return	Biennially	105 days	5,452,172	-
Absolute return	Annual	60 days	3,300,108	-
Total			\$ 29,070,975	\$ 2,970,263

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.

7. Property and Equipment

Property and equipment consisted of the following at June 30:

	2018	2017
Furniture and equipment	\$ 136,497	\$ 132,285
Leasehold improvements	79,251	79,251
Software	10,034	10,034
Less accumulated depreciation	(145,992)	(137,035)
Property and Equipment, net	\$ 79,790	\$ 84,535

8. Restrictions and Designations of Net Assets

Temporarily restricted net assets were restricted for the following purposes at June 30:

	2018	2017
Scholarships and other direct assistance	\$ 16,720,682	\$ 14,481,239
Implementation	115,479	233,696
Time restricted for general use	435,544	168,446
Early awareness	750	51,809
Portsmouth services	-	15,000
Special events	19,000	-
Total Temporarily Restricted Net Assets	\$ 17,291,455	\$ 14,950,190

Permanently restricted net assets consist of endowment investments and pledges receivable restricted for investment in perpetuity, the income from which is expendable to provide scholarships, pay student fees and provide other direct assistance, such as advisory services to students, and none shall be used on program administration. Permanently restricted net assets consisted of the following at June 30:

	2018	2017
Endowment cash and investments	\$ 32,993,930	\$ 29,070,061
Pledges receivable	1,916,331	3,993,900
Total Permanently Restricted Net Assets	\$ 34,910,261	\$ 33,063,961

ACCESS College Foundation

Notes to Financial Statements

During the years ended June 30, 2018 and 2017, net assets were released from donor restrictions by incurring costs for the following purposes or due to the passage of time:

	2018	2017
Scholarships and other direct assistance	\$ 1,872,481	\$ 1,800,742
Implementation	120,110	309,707
Portsmouth services	15,000	15,000
Expiration of time restrictions	358,375	344,600
Suffolk services	30,000	30,000
Early awareness	58,589	55,691
Special events	32,400	52,961
Norfolk services	4,941	100
Total Net Assets Released from Restrictions	\$ 2,491,896	\$ 2,608,801

9. Endowments of Not-For-Profit Organizations

The Foundation's endowments consist of one individual fund established for a variety of purposes. The endowment is a donor-restricted endowment fund. Net assets associated with endowment funds 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 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 stipulations to the contrary. The Foundation classifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Foundation;
- (7) The investment policies of the Foundation.

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.

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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.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 16,501,359	\$ 34,910,261	\$ 51,411,620

Changes in endowment net assets for the year ended June 30, 2018 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 14,346,998	\$ 33,063,961	\$ 47,410,959
Contributions	-	1,846,300	1,846,300
Net investment income	3,892,602	-	3,892,602
Amounts appropriated for expenditure	(1,738,241)	-	(1,738,241)
Endowment net assets, end of year	\$ 16,501,359	\$ 34,910,261	\$ 51,411,620

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 14,346,998	\$ 33,063,961	\$ 47,410,959

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Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 11,982,617	\$ 32,978,222	\$ 44,960,839
Contributions	-	85,739	85,739
Net investment income	4,006,815	-	4,006,815
Amounts appropriated for expenditure	(1,642,434)	-	(1,642,434)
Endowment net assets, end of year	\$ 14,346,998	\$ 33,063,961	\$ 47,410,959

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. There were no such deficiencies as of June 30, 2018 and 2017.

10. Employee Benefit Plans

The Foundation offers a 401(k) plan covering substantially all full-time personnel. The Foundation contributed 50% of the first 6% of employee deferrals to the plan for the years ended June 30, 2018 and 2017. The cost of the plan to the Foundation was \$41,481 and \$34,188 for the years ended June 30, 2018 and 2017, respectively.

11. 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, 2018 and 2017 are as follows:

	2018	2017
Contract services	\$ 8,628	\$ 16,720
Rent	70,013	68,640
Total charged to expense	78,641	85,360
Donated assets, vehicles	105,232	89,907
Donated assets, stock	78,502	131,445
Total donated assets, facilities and services	\$ 262,375	\$ 306,712

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12. Neighborhood Assistance Act

The Foundation was approved by the Commonwealth of Virginia to solicit contributions in the amount of \$352,229 under the Virginia Neighborhood Assistance Act (VNAA) for the period from July 1, 2017 to June 30, 2018 and \$405,218 for the period from July 1, 2016 to June 30, 2017. Contributions received from taxpaying entities are eligible for 65% Virginia state tax credit under the provisions of the VNAA for 2018 and 2017. As of June 30, 2018 and 2017, respectively, tax credits offered to qualifying entities amounted to \$352,229 and \$405,218.

13. 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.

14. 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).