

MAYMONT®

FOUNDATION

Consolidated Financial Statements and Accompanying Information

**For the Year Ended
June 30, 2015**

Mission:

To preserve and celebrate *Maymont* as a museum and park for the pleasure and education of everyone.

Vision:

To be nationally recognized as a premier, admission free destination that offers enriching integrated experiences in history, habitats, and horticulture.

MAYMONT FOUNDATION

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Audit Committee of the Board of Directors of
Maymont Foundation
Richmond, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Maymont Foundation and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Maymont Foundation and Affiliate as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Report on Summarized Comparative Information

We have previously audited Maymont Foundation and Affiliate's 2014 consolidated financial statements, and our report dated October 17, 2014 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Keitner", with a stylized, cursive script.

October 16, 2015
Glen Allen, Virginia

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Financial Position June 30, 2015 (With Comparative Totals for 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Assets					
Cash and cash equivalents	\$ 212,167	\$ 289,494	\$ -	\$ 501,661	\$ 488,408
Pledges and contributions receivable, net of allowance for doubtful accounts of \$115,000 in 2015 and \$111,800 in 2014	-	5,640,765	139,250	5,780,015	5,493,918
Interfund account	142,001	(142,001)	-	-	-
Other receivables, net	17,160	83	-	17,243	10,021
Inventory, gift shop	20,438	-	-	20,438	10,603
Prepaid expenses	103,525	896	-	104,421	82,937
Assets held in charitable remainder trust	-	105,936	-	105,936	110,008
Assets held in charitable gift annuity	-	133,527	-	133,527	135,269
Investments	1,292,844	8,339,318	10,475,458	20,107,620	18,739,596
Intangible assets, net	7,640	-	-	7,640	8,520
Property and equipment, net	9,213,791	-	-	9,213,791	9,767,633
Total assets	\$ 11,009,566	\$ 14,368,018	\$ 10,614,708	\$ 35,992,292	\$ 34,846,913
Liabilities and net assets					
Liabilities					
Accounts payable	\$ 44,843	\$ 161,332	\$ -	\$ 206,175	\$ 118,383
Accrued expenses	234,759	191	-	234,950	240,399
Capital lease obligation	-	12,912	-	12,912	15,356
Charitable remainder trust obligation	-	68,398	-	68,398	72,537
Charitable gift annuity obligations	-	79,263	-	79,263	79,705
Deferred revenue	199,132	-	-	199,132	174,280
Total liabilities	478,734	322,096	-	800,830	700,660
Net assets					
Unrestricted	10,530,832	-	-	10,530,832	11,123,564
Temporarily restricted	-	14,045,922	-	14,045,922	12,746,521
Permanently restricted	-	-	10,614,708	10,614,708	10,276,168
Total net assets	10,530,832	14,045,922	10,614,708	35,191,462	34,146,253
Total liabilities and net assets	\$ 11,009,566	\$ 14,368,018	\$ 10,614,708	\$ 35,992,292	\$ 34,846,913

See notes to consolidated financial statements.

MAYMONT FOUNDATION AND AFFILIATE

**Consolidated Statement of Activities
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)**

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public support and revenue					
Public support					
Contributions					
Individuals	\$ 444,573	\$ 794,688	\$ 135,540	\$ 1,374,801	\$ 1,884,246
Corporate	55,100	41,810	-	96,910	119,956
Other	23,350	563,271	5,000	591,621	78,917
In-kind	12,006	25,411	-	37,417	30,499
Grants					
Private foundation	276,750	820,500	135,000	1,232,250	1,466,250
Government	38,106	160,582	63,000	261,688	110,106
Operating subsidy, City of Richmond and Counties of Chesterfield, Henrico and Hanover	559,800	-	-	559,800	539,100
Total public support	<u>1,409,685</u>	<u>2,406,262</u>	<u>338,540</u>	<u>4,154,487</u>	<u>4,229,074</u>
Revenue					
Memberships	45,192	-	-	45,192	41,613
Adopt An Animal contributions	38,464	-	-	38,464	43,007
Gardens and grounds donations and fees	62,889	-	-	62,889	71,982
Maymont Mansion donations and fees	171,896	-	-	171,896	193,510
Carriage collection fees	10,957	-	-	10,957	11,851
Nature and visitor center donations and fees	155,640	-	-	155,640	171,664
Wildlife exhibits and children's farm donations and fees	30,881	-	-	30,881	32,176

See notes to consolidated financial statements.

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Activities (continued)
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015			2014	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public support and revenue (concluded)					
Vintage Maymont auction, net	\$ 259,117	\$ -	\$ -	\$ 259,117	\$ 279,462
Fundraising events, net	39,808	-	-	39,808	22,299
Community events	125,275	-	-	125,275	125,269
Facility rentals	334,099	-	-	334,099	325,636
Gift shop sales	46,686	-	-	46,686	54,112
Concessions	14,337	-	-	14,337	13,352
Interest and dividends	12,799	162,905	-	175,704	174,707
Realized/unrealized gain on investments	70,355	852,540	-	922,895	2,229,256
Change in value of split interest agreements	-	(7,098)	-	(7,098)	10,627
Loss on disposal of property and equipment	(81,852)	-	-	(81,852)	(347)
Miscellaneous	7,845	158	-	8,003	5,110
	<u>1,344,388</u>	<u>1,008,505</u>	<u>-</u>	<u>2,352,893</u>	<u>3,805,286</u>
Total public support and revenue	2,754,073	3,414,767	338,540	6,507,380	8,034,360
Net assets released from restriction					
Satisfaction of restrictions	<u>2,115,366</u>	<u>(2,115,366)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support, revenue and reclassifications	<u>4,869,439</u>	<u>1,299,401</u>	<u>338,540</u>	<u>6,507,380</u>	<u>8,034,360</u>

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Activities (concluded)
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Functional expenses					
Program services					
Gardens and grounds	\$ 1,087,171	\$ -	\$ -	\$ 1,087,171	\$ 1,053,278
Maymont Mansion	424,332	-	-	424,332	404,395
Carriage collection	61,484	-	-	61,484	55,147
Nature and visitor center	1,020,815	-	-	1,020,815	864,831
Wildlife exhibits and children's farm	660,028	-	-	660,028	452,344
Special events and rentals	367,998	-	-	367,998	337,663
Visitor services	275,276	-	-	275,276	276,611
Total program services	<u>3,897,104</u>	<u>-</u>	<u>-</u>	<u>3,897,104</u>	<u>3,444,269</u>
Supporting services					
Administrative and general	1,082,599	-	-	1,082,599	1,015,126
Fundraising	482,468	-	-	482,468	399,969
Total supporting services	<u>1,565,067</u>	<u>-</u>	<u>-</u>	<u>1,565,067</u>	<u>1,415,095</u>
Total functional expenses	<u>5,462,171</u>	<u>-</u>	<u>-</u>	<u>5,462,171</u>	<u>4,859,364</u>
Change in net assets	(592,732)	1,299,401	338,540	1,045,209	3,174,996
Net assets, beginning of year	<u>11,123,564</u>	<u>12,746,521</u>	<u>10,276,168</u>	<u>34,146,253</u>	<u>30,971,257</u>
Net assets, end of year	<u>\$ 10,530,832</u>	<u>\$ 14,045,922</u>	<u>\$ 10,614,708</u>	<u>\$ 35,191,462</u>	<u>\$ 34,146,253</u>

See notes to consolidated financial statements.

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 1,045,209	\$ 3,174,996
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	757,046	760,201
Realized/unrealized gain on investments	(922,895)	(2,229,256)
Loss on disposal of property and equipment	81,852	347
Change in value of split interest agreements	7,098	(10,627)
Contributions restricted for long-term purposes	(2,409,302)	(2,679,444)
Net contributions restricted for charitable gift annuity	(5,865)	-
Changes in operating assets and liabilities		
(Increase) decrease in:		
Pledges and contributions receivable	(207,361)	67,653
Other receivables	(7,222)	(4,077)
Gift shop inventory	(9,835)	323
Prepaid expenses	(21,484)	(29,845)
Increase (decrease) in:		
Accounts payable	87,792	53,265
Accrued expenses	(5,449)	42,113
Deferred revenue	24,852	(928)
	(1,585,564)	(855,279)
Net cash used in operating activities		
Cash flows from investing activities:		
Purchases of intangible assets	-	(8,807)
Purchases of property and equipment	(284,176)	(362,884)
Proceeds from sale of property and equipment	-	500
Purchases of investments	(1,012,466)	(1,906,352)
Proceeds from sale of investments	567,337	740,381
	(729,305)	(1,537,162)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in endowment	304,702	452,980
Proceeds from contributions restricted for purchasing property and equipment	2,025,864	2,128,243
Payments on capital lease obligations	(2,444)	(6,257)
	2,328,122	2,574,966
Net cash provided by financing activities		
Net increase in cash and cash equivalents	13,253	182,525
Cash and cash equivalents		
Beginning of year	488,408	305,883
End of year	\$ 501,661	\$ 488,408
Supplemental cash flow information		
Cash paid for interest	\$ 1,757	\$ 19
Cash paid for income taxes	\$ 19,282	\$ -

See notes to consolidated financial statements.

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2015 (With Comparative Totals for 2014)

	2015										2014
	Program Services							Supporting Services			
	Gardens and Grounds	Maymont Mansion	Carriage Collection	Nature and Visitor Center	Wildlife Exhibits and Farm	Special Events and Rentals	Visitor Services	Admin- istrative and General	Fund- raising	Total	Total
Human resources	\$ 678,786	\$ 259,964	\$ 55,370	\$ 322,563	\$ 200,812	\$ 235,566	\$ 175,559	\$ 408,037	\$ 366,048	\$ 2,702,705	\$ 2,612,587
Professional fees	106,018	21,117	235	183,646	210,839	52,975	35,747	450,223	45,457	1,106,257	653,016
Supplies	43,560	17,670	3,901	33,453	41,693	12,602	4,359	5,990	26,081	189,309	192,123
Postage and shipping	104	3,056	-	942	-	344	1,105	963	5,374	11,888	8,143
Occupancy	86,839	32,733	355	130,790	37,611	6,856	3,764	93,012	3,847	395,807	382,430
Equipment rental and repair	22,611	5,268	167	3,570	4,279	28,159	8,844	12,352	17,815	103,065	77,573
Printing and publications	1,456	1,182	47	1,929	6,220	4,146	11,847	462	13,653	40,942	28,416
Professional development	4,353	3,144	327	5,730	80	443	1,011	8,349	2,455	25,892	12,310
Miscellaneous	-	-	-	-	-	-	-	61,855	-	61,855	66,132
Cost of goods sold	-	-	-	-	-	-	29,988	-	-	29,988	35,934
Gift-in-kind, operating expense	311	491	-	-	175	2,909	120	33,411	-	37,417	30,499
Subtotal	<u>944,038</u>	<u>344,625</u>	<u>60,402</u>	<u>682,623</u>	<u>501,709</u>	<u>344,000</u>	<u>272,344</u>	<u>1,074,654</u>	<u>480,730</u>	<u>4,705,125</u>	<u>4,099,163</u>
Depreciation and amortization	<u>143,133</u>	<u>79,707</u>	<u>1,082</u>	<u>338,192</u>	<u>158,319</u>	<u>23,998</u>	<u>2,932</u>	<u>7,945</u>	<u>1,738</u>	<u>757,046</u>	<u>760,201</u>
Total	<u>\$ 1,087,171</u>	<u>\$ 424,332</u>	<u>\$ 61,484</u>	<u>\$ 1,020,815</u>	<u>\$ 660,028</u>	<u>\$ 367,998</u>	<u>\$ 275,276</u>	<u>\$ 1,082,599</u>	<u>\$ 482,468</u>	<u>\$ 5,462,171</u>	<u>\$ 4,859,364</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 1 - Organization

Maymont is a 100-acre estate in Richmond, Virginia gifted to the City of Richmond (the City) by Major James Henry and Sallie May Dooley. The Dooleys completed their Gilded Age mansion in 1893 and spent the next three decades creating the gardens, landscapes and outbuildings. The property was given to the City in 1925 for everyone to enjoy as a park and museum. Since that time others have helped care for and enhance *Maymont*, including the additions of wildlife exhibits, a nature center and children's farm which is home to domestic farm animals.

Since 1975, Maymont Foundation (the Foundation) has operated and maintained *Maymont* under agreements with the City. The Foundation is a non-profit organization with the mission to preserve and celebrate *Maymont* as a museum and park for the pleasure and education of everyone. *Maymont* offers active and passive learning experiences through independent exploration as well as structured environments. Maymont educators also present a variety of historical, environmental and after-school programs which meet the *Virginia Standard of Learning* lesson plans for Central Virginia school children K-12.

The Foundation is responsible for the maintenance, operation and improvement of the estate and must raise funds to keep the property open to the public. The major sources of revenue are contributions from the public, local foundations and corporations, local government subsidies, fundraising events, and revenue generated from program fees, facility rentals, special events, concessions, and investments. The Foundation is registered with the Virginia Department of Agriculture and Consumer Services to conduct charitable solicitations in the Commonwealth of Virginia.

In January 2012, the Foundation's board of directors approved *The Spirit of Generosity Campaign* with a goal to raise \$35 million to support a diverse array of infrastructure and sustainability needs. The campaign's major components include \$10 million for operating endowments, \$8 million for preservation and interpretation, \$2 million for guest amenities, and \$15 million for welcome plazas and Foundation headquarters. Through June 30, 2015, \$19,966,585 had been raised for the campaign, including the lead gift of \$5 million as well as a \$4 million gift restricted for endowment.

The current agreement between the City and the Foundation automatically terminates December 31, 2025, and may be terminated by the Foundation or the City upon 180 days notice subject to the provisions of the agreement. As of October 16, 2015, neither party has expressed an interest in termination of the contract and management believes the probability of termination is remote.

Note 2 - Summary of significant accounting policies

Basis of presentation – The accompanying consolidated financial statements include the resources and the financial activities of the Foundation and its affiliate, MFREH, LLC, a Virginia limited liability company of which the Foundation is the sole member. MFREH, LLC was created in January 2014 to acquire real property in support of the Foundation's strategic goals. Any such acquisitions are included in the property and equipment listed in Note 8. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 2 – Summary of significant accounting policies (continued)

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. At June 30, 2015, planned gifts totaling \$976,423 with no donor restrictions were designated by the board of directors for treatment as a quasi-endowment. Additional net assets of \$155,757 as of June 30, 2015 with no donor restrictions were designated by the board for various capital projects and other strategic initiatives.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be satisfied by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently restricted assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Use of estimates - Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Future events and circumstances could alter those estimates.

Cash and cash equivalents - For cash flow reporting purposes, the Foundation's definition of cash and cash equivalents includes temporary investments of short-term, highly liquid investments with maturities of three months or less at the date of purchase.

Pledges receivable - Unconditional promises to give are recorded as receivables and revenue when received, and allowances are provided for amounts estimated to be uncollectible. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Inventory - Inventory consists of gift shop merchandise and café food items, and is valued at the lower of cost (first-in, first-out) or market.

Investments - Investments and funds held in trust are reported at fair value in the consolidated statement of financial position and primarily include assets held in The Richmond Fund, LP investment partnership. Donated stocks and other securities are recorded at fair value as of the date received. Interest, dividends, realized and unrealized gains and losses are reflected in the consolidated statement of activities.

Intangible assets - Intangible assets consists of two service marks—a stylized design of Maymont and a swan logo. The cost associated with registering these designs with the U.S. Patent and Trademark Office is being amortized on a straight-line basis over the ten-year term of the registration. Accumulated amortization was \$1,168 as of June 30, 2015 and amortization expense was \$881 for the year ended June 30, 2015. Amortization expense on the assets is expected to be \$881 annually over the next 5 years and \$3,235 thereafter.

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Notes to Consolidated Financial Statements June 30, 2015

Note 2 – Summary of significant accounting policies (continued)

Property and equipment - Under the operating agreement described in Note 1, the City has retained title to the property and assumes title to all improvements to the existing grounds and structures made by the Foundation. It is the policy of the Foundation to state improvements at cost, if purchased, or at fair value on the day of receipt, if contributed, in the consolidated financial statements in order to reflect the additions to *Maymont* made by the Foundation and its contributors. Equipment is also stated at cost if purchased, or at fair value if contributed. Both improvements and equipment are depreciated using the straight-line method over a term not to exceed the remaining term of the agreement noted above. The estimated useful lives are as follows:

	<u>Years</u>
Robins Nature and Visitor Center	10-25
Improvements	5-35
Equipment	3-10

Property and equipment also includes antiques and collections (Note 8) which consists of purchased antiques, exhibits, animals and tree replacements and are not depreciated.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Vintage Maymont auctions – Revenue from the Vintage Maymont auction is shown net of expenses in the accompanying consolidated statement of activities. For the year ended June 30, 2015, auction revenue of \$259,117 is net of related costs of \$227,602 of which \$145,851 is the estimated fair value of goods and services donated for auction packages.

Functional expenses - Functional expenses for programs and supporting services are determined by assigning expenses to departments and projects defined as cost centers. Direct expenses are charged to the cost center where incurred. Indirect expenses or those shared across multiple cost centers are distributed based on various allocation factors appropriate for the circumstances. Additionally, total expenses for the marketing and public relations department are allocated between program and supporting services functions.

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Notes to Consolidated Financial Statements June 30, 2015

Note 2 – Summary of significant accounting policies (continued)

For the year ended June 30, 2015, expenses related to *The Spirit of Generosity Campaign*, primarily for project planning and design, are included in the functional areas as follows:

Gardens and grounds	\$ 112,744
Maymont Mansion	49
Nature and visitor center	183,494
Wildlife exhibits and children's farm	210,084
Visitor services	43
Program services	506,414
Administrative and general	301,433
Fundraising	29,472
Supporting services	330,905
Total	<u>\$ 837,319</u>

Donated materials and services - Donated materials and equipment are reflected as contributions in the accompanying consolidated statements at their estimated fair values at date of receipt. During 2015, approximately 1,700 volunteers donated significant amounts of their time to the Foundation. Although no amounts have been reflected in the consolidated financial statements because they did not meet the criteria for recognition under GAAP, the estimated hours for donated services are as follows:

<u>Area</u>	<u>Hours</u>
Gardens and grounds	7,083
Maymont Mansion	3,082
Carriage collection	323
Robins Nature and Visitor Center	2,780
Wildlife exhibits and children's farm	1,629
Special events	3,045
Visitor services	513
Fundraising and administration	1,850
	<u>20,305</u>

Contributed legal services amounted to \$33,411 and are recorded in the consolidated financial statements for the year ended June 30, 2015.

Tax Status - The Internal Revenue Service has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation are tax deductible as defined by Section 170 of the Code. In addition, the Internal Revenue Service has determined that the Foundation is not a "private foundation" within the meaning of Section 509(a)(1) of the Code. MFREH, LLC is treated as a

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 2 – Summary of significant accounting policies (concluded)

disregarded entity for tax purposes and its activities are treated as activities of the Foundation. The Foundation is a partner in The Richmond Fund, LP, an investment limited partnership. Each partner reports its share of the Fund's income or loss on its income tax return. Certain of the Fund's investment transactions or transactions of MFREH, LLC may produce income taxable to the Foundation. Any tax liability arising from such transactions is expected to be minimal.

Management has concluded that the Foundation had no significant financial statement exposure to uncertain tax positions at June 30, 2015. The Foundation's tax returns since 2012 remain open for examination by tax authorities. The Foundation is not currently under audit by any tax jurisdiction.

Advertising - The Foundation uses advertising to promote its programs among the visitors it serves. The costs of advertising are expensed as incurred. For the year ended June 30, 2015 advertising costs amounted to \$56,840.

Subsequent events - The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2015 consolidated financial statements through October 16, 2015, the date the consolidated financial statements were available to be issued, and has determined that other than as described in Note 10, there are no subsequent events to be reported.

Comparative information - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Reclassifications - Certain prior year balances have been reclassified to conform with the current year presentation.

Note 3 - Pledges receivable

Pledges receivable for Foundation operations, capital campaign, carriage exhibit, and various other projects are reported as temporarily restricted net assets as of June 30, 2015. These unconditional promises to give are to be received during years subsequent to June 30, 2015.

Receivable in less than one year	\$2,125,457
Receivable in one to nineteen years	<u>4,074,558</u>
	6,200,015
Less: Discounts to net present value	305,000
Allowance for doubtful accounts	<u>115,000</u>
Net pledges receivable	<u>\$ 5,780,015</u>

Unconditional promises to give are primarily from individuals, foundations, and corporations located in metropolitan Richmond, from the City of Richmond, and from two government grants, and are reflected at the present value of estimated future cash flows using a discount rate of 1.6% for receivables due within four years and 2.8% for receivables due within nineteen years.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 4 – Trusts and annuities

On August 23, 1999, a charitable remainder unitrust (CRUT) was created with the Foundation named as the trustee. The CRUT is valued annually on January 1st and quarterly payments equal to 6.5% of the fair value are distributed to the beneficiary. Upon the death of the beneficiary any remaining CRUT assets will pass to the Foundation.

As of June 30, 2015, the Foundation had received contributions under four charitable gift annuity agreements. Under the terms of the contracts, the Foundation agrees to pay an annual annuity ranging from 8.0% to 10.5% of the original gift amount to the beneficiaries as long as they live. Payments under the agreements began December 31, 2007, December 31, 2008, June 30, 2012, and March 31, 2015 and are distributed either quarterly or semi-annually. Upon the death of the beneficiaries any remaining assets are available for unrestricted use by the Foundation. The annuity assets are segregated as separate funds within the Foundation's investment in the Richmond Fund, LP and are not to be applied to payment of the debts and obligations of the Foundation or any other purpose other than annuity benefits specified in the agreements. This portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law.

Note 5 – Investments

The Foundation is a partner in The Richmond Fund, LP (the Fund), an investment limited partnership that provides a vehicle for 501(c) organizations to achieve investment returns that mirror those of the University of Richmond's endowment through a blended rate of return agreement. Profits and losses of the Fund are allocated to each partner's capital account according to their respective interests in the Fund. The Foundation's funds that are available for long-term investment as well as assets restricted to gift annuity obligations are placed with the Fund. At June 30, 2015, the Fund consists of 24 partners and the Foundation's interest represents 1.1% of the total partnership capital.

The cost and fair value of investments at June 30, 2015 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
The Richmond Fund	\$ 15,065,357	\$ 18,380,881
Less: Charitable gift annuity assets	<u>120,059</u>	<u>133,527</u>
	14,945,298	18,247,354
Cash and cash equivalents restricted for long-term purposes	<u>1,860,266</u>	<u>1,860,266</u>
	<u>\$ 16,805,564</u>	<u>\$ 20,107,620</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 6 – Fair value measurements

Current accounting standards establish a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The levels of the hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities traded in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The Foundation determines fair value based on 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. In determining fair value the Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation has evaluated the various types of investment funds in its investment portfolio to determine an appropriate fair value hierarchy level based on trading activity and the observability of market inputs. Level 1 assets include cash and cash equivalents as well as assets held in a charitable remainder unitrust that are invested in a publicly traded open-end mutual fund for which net asset values are quoted daily. No assets met the criteria for classification as Level 2 or Level 3.

The Foundation's long-term investments as well as assets restricted to charitable gift annuities are held in The Richmond Fund, LP (the Fund), an investment limited partnership. The Fund is a global macro hedge and currency asset fund that utilizes a broad spectrum of common and preferred stocks, worldwide futures contracts, global currencies, and forward contracts on currencies, commodities, energy products, interest-rates, and stock indices for its investment portfolio. Spider Management Company, a wholly owned subsidiary of the University of Richmond, manages the Fund. The Foundation was required to maintain a balance no less than the original contribution into the Fund of approximately \$6.3 million through January 2014.

Based on the terms of the partnership agreement, for fair value measurement the Foundation views its investment in the Fund as a single asset category. As a practical expedient, the Foundation has estimated the fair value of its investments in the Fund on the basis of the NAV per share of the investment (or its equivalent) because a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated as of the Foundation's fiscal year end date.

The following table summarizes the Foundation's investments measured at fair value using net asset value per share as of June 30, 2015:

<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
\$18,380,881	N/A	Quarterly	60 days

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 6 – Fair value measurements (concluded)

In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, “Disclosure for Investments in Certain Entities that Calculated Net Asset Value per Share (or Its Equivalent)”, which eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured using net asset value per share as a practical expedient. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The Foundation has elected to early adopt this ASU and the adoption of this ASU is reflected in the fair value hierarchy table below where investments in the Fund valued using NAV per share as a practical expedient are excluded from categorization in the fair value hierarchy.

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

	<u>Level 1</u>	<u>Total</u>
Cash and cash equivalents restricted for long-term purposes	\$ 1,860,266	\$ 1,860,266
The Richmond Fund, excluding gift annuity assets	<u>-</u>	<u>18,247,354</u>
Total investments	1,860,266	20,107,620
Funds held in trust	105,936	105,936
The Richmond Fund, gift annuity assets	<u>-</u>	<u>133,527</u>
	<u>\$ 1,966,202</u>	<u>\$ 20,347,083</u>

Note 7 – Endowment

The Foundation’s endowment consists of eight individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) 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 permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 7 – Endowment (continued)

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 a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, 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 mission of the Foundation and the purpose of 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

Endowment net assets consist of the following at June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,636,057	\$ 10,614,708	\$ 12,250,765
Board-designated endowment funds	976,423	-	-	976,423
Total endowment net assets	<u>\$ 976,423</u>	<u>\$ 1,636,057</u>	<u>\$ 10,614,708</u>	<u>\$ 13,227,188</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ 956,950	\$ 1,505,258	\$ 10,276,168	\$ 12,738,376
Investment return:				
Investment income	9,474	115,723	-	125,197
Net appreciation	49,252	606,897	-	656,149
Total return	58,726	722,620	-	781,346
Contributions	10,412	-	338,540	348,952
Appropriation of endowment assets for expenditure	(49,665)	(591,821)	-	(641,486)
Endowment net assets, June 30, 2015	<u>\$ 976,423</u>	<u>\$ 1,636,057</u>	<u>\$ 10,614,708</u>	<u>\$ 13,227,188</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 7 – Endowment (concluded)

The Foundation has adopted investment and spending policies in conjunction with a comprehensive review of the returns and risks associated with various investment strategies in relation to current and projected financial requirements. The financial objectives are:

- Provide the funding support for the Foundation’s mission
- Preserve the purchasing power of the endowments current assets and all future contributions
- Achieve the return objective within reasonable and prudent levels of risk
- Maintain an appropriate asset allocation policy that is compatible with spending policy and return objective, while still having the potential to produce positive returns
- Retain flexibility in determining the future level of disbursements that may be affected by extraordinary market conditions or unexpected needs in the community
- Control the costs of administering the endowment and managing the investments
- Ensure that the management of the investment assets will be in strict compliance with all provision of relevant legislation

To satisfy these 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). To minimize risk, the Foundation targets an investment portfolio constructed and maintained to provide prudent diversification with regard to concentration of holdings in individual issues, corporations or industries.

The following represents the long term asset allocation policy:

<u>Asset Class</u>	<u>Long Term Desired Range</u>
Domestic equity	20 to 50%
Absolute return	10 to 25%
Opportunistic	10 to 25%
International equity	15 to 30%
Real assets	0 to 10%
Real estate	0 to 10%
Fixed income	0 to 10%
Cash	0 to 5%

The targeted annual appropriation rate for distribution from endowment funds is a maximum of 6% of the average three-year fair value (calculated by averaging the previous twelve quarters’ fair values through the calendar-year-end proceeding the fiscal year in which the distribution is planned). Single endowment gifts greater than \$2 million may be subject to an accelerated schedule during the first three years. The distribution is based on the gift value at December 31 and is calculated by subtracting 125 basis points and 75 basis points from the current target distribution rate in the first and second years respectively. In the third year the distribution is based on the average value over the existence of the gift and is calculated using the current target rate. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate approximating planned payouts. Additional growth will be provided through new gifts and any excess investment returns. In the event of extreme situations, the board may elect to suspend or alter the targeted annual appropriation rate or the method of calculation. For the year ended June 30, 2015, the appropriation rate was 5% with no adjustment to the method of calculation.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 8 - Property and equipment

Property and equipment consists of the following at June 30, 2015:

Land	\$	259,168
Improvements		8,851,555
Robins Nature and Visitor Center		11,997,940
Furniture, fixtures, and equipment		1,404,220
Mansion Below Stairs		191,480
Antiques and collections		611,532
Construction-in-process		<u>1,661,544</u>
		24,977,439
Less: accumulated depreciation		<u>15,763,648</u>
	\$	<u>9,213,791</u>

Construction-in-process includes \$1,575,959 related to the purchase of two parcels of real property in close proximity to *Maymont*. Planning is underway to determine the best use of these properties within the framework of the Foundation's site master plan, interpretative master plan, and long-term strategic goals.

Note 9 – Capital lease obligation

The Foundation is the lessee of mowing equipment under a capital lease expiring in August 2019. At inception of the lease, the asset and related liability were recorded at the present value of the minimum lease payments. The asset is depreciated over the lease term of six years. Depreciation of the asset under the capital lease is included in depreciation expense for 2015.

Property held under the lease at June 30, 2015 is as follows:

Equipment	\$	19,557
Less accumulated depreciation		<u>6,247</u>
	\$	<u>13,310</u>

Minimum future payments under the capital lease, as of June 30, 2015, for each of the next four years and in the aggregate are:

2015	\$	4,201
2016		4,201
2017		4,201
2018		<u>4,201</u>
Total minimum lease payments		16,804
Less amount representing interest		<u>3,892</u>
Present value of net minimum lease	\$	<u>12,912</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 10 – Short-term financing

The Foundation maintains an unsecured revolving line of credit that is renewed annually and incurs no commitment fees on unused amounts. For the credit line that expires on April 30, 2016, the Foundation can borrow up to \$250,000 and interest accrues at the bank's prime rate plus 1.0%, with a floor of 4.25%. There were no borrowings in 2015 and no amounts were outstanding as of June 30, 2015.

In October 2015, the Foundation obtained a \$4 million unsecured line of credit for a term of five years at a floating rate of the 30-day London Interbank Offered Rate (LIBOR) plus 2.4%, subject to certain other covenants, conditions, and requirements. The line of credit will be used to fund construction projects in advance of cash received from pledge payments related to *The Spirit of Generosity Campaign*. There have been no borrowings as of October 16, 2015.

Note 11 – Retirement plan

The Maymont Foundation Retirement and Savings Plan is a 403(b) defined contribution salary deferral plan covering all eligible employees. Under the plan, a discretionary match up to a percentage of pay determined by the Foundation may be contributed for eligible employees. Other discretionary contributions may also be made.

For the year ended June 30, 2015, the Foundation matched 100% of the elective contributions made by participants up to a maximum of 2% of compensation. Expenses incurred for these contributions amounted to \$25,141.

Note 12 - Restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

<i>The Spirit of Generosity Campaign</i>	\$ 8,758,410
Robins Nature and Visitor Center	3,169,618
General endowment	1,229,695
Carriage collection	309,580
Maymont Mansion	291,684
Charitable gift annuities	54,265
Charitable remainder trust	37,538
Various purpose and timing restrictions	195,132
	<u>\$ 14,045,922</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 12 - Restricted net assets (concluded)

Temporarily restricted net assets released from restriction by satisfying restricted purposes during the year ended June 30, 2015 are summarized as follows:

<i>The Spirit of Generosity Campaign</i>	\$ 1,255,430
Robins Nature and Visitor Center	400,170
General endowment	307,187
Grounds & gardens	43,676
Maymont Mansion	30,793
Various purpose and timing restrictions	78,110
	<u>\$ 2,115,366</u>

Permanently restricted net assets consist of the following at June 30, 2015:

General endowment	\$ 5,094,140
Robins Nature and Visitor Center endowment	4,489,428
Mansion endowment	810,540
Markel endowment	100,000
Grounds and garden endowment	80,000
Ikebana endowment	30,000
Etsuko Phillips memorial endowment	10,600
	<u>\$ 10,614,708</u>

Note 13 – Commitments and concentrations

At June 30, 2015, commitments approximated \$942,000, primarily for project expenditures related to *The Spirit of Generosity Campaign*.

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers substantially all depository accounts up to \$250,000 per institution. The Foundation from time to time may have amounts on deposit in excess of the insured limit. As of June 30, 2015, deposits at one bank exceeded insured limit by \$64,892.

The Foundation's pledges receivable are unsecured and potentially subject the Foundation to concentration of credit risk. The ability to collect pledges resulting from fundraising efforts is affected by the general economic conditions and the honoring of pledges by donors. Approximately 78% of pledges receivable at June 30, 2015 is from three sources.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2015

Note 14 – Related party transactions

The Foundation is governed by an independent board of directors who receive no compensation for their services. The Foundation receives pledges from board members and during 2015 the total of such gifts was \$711,467. Pledges from board members outstanding at June 30, 2015 were \$1,401,492. During the year ended June 30, 2015, two board members were affiliated with law firms that contributed legal services totaling \$8,000.

One board member is a principal in an architectural firm which was paid \$183,827 for design and planning services, and as of June 30, 2015, the Foundation has an outstanding balance of \$61,450 with the architectural firm for similar services. One board member is an officer in a firm that was paid \$4,560 for public relations services, and as of June 30, 2015, the Foundation has an outstanding balance of \$12,000 with the firm for similar services. The Foundation engages in other related party transactions in the normal course of its activities which are immaterial to the Foundation's consolidated financial statements. All such transactions are conducted under terms and conditions similar to transactions with unrelated parties.

MAYMONT FOUNDATION

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Baxter Phillips, Jr.	Treasurer
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MAYMONT FOUNDATION

2015-2016 Board of Directors

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