

MAYMONT[®]

FOUNDATION

Consolidated Financial Statements and Accompanying Information

For the Year Ended
June 30, 2020

Mission:

Maymont Foundation is committed to creating experiences that delight, educate and inspire.

Guiding Principles:

As the organization entrusted with caring for this important public space, we believe in ...

Remaining true to the Dooleys' vision of Maymont as a Park and Museum for Everyone,
in this and future generations.

Serving as an exceptional asset to the City of Richmond and its citizens to help establish
Richmond among the great cities of this nation.

Fostering community engagement, citizen leadership and private philanthropy - the three
keys to ensuring Maymont's purpose endures.

MAYMONT FOUNDATION

1000 Westover Road
Richmond, Virginia 23220
Telephone: 804-358-7166
www.maymont.org

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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, 2020, 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, 2020, 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.

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

April 15, 2021
Glen Allen, Virginia

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Financial Position June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 359,163	\$ 106,844	\$ 466,007
Pledges and contributions receivable, net of allowance for doubtful accounts of \$61,000	-	1,479,334	1,479,334
Other receivables, net	11,925	-	11,925
Inventory, gift shop	53,297	-	53,297
Prepaid expenses	149,195	4,250	153,445
Assets held in charitable gift annuities	-	26,507	26,507
Investments	927,862	15,601,611	16,529,473
Intangible assets, net	3,236	-	3,236
Property and equipment, net	16,564,328	19,166	16,583,494
Total assets	\$ 18,069,006	\$ 17,237,712	\$ 35,306,718
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 57,398	\$ 409,521	\$ 466,919
Accrued expenses	234,703	725	235,428
Line of credit	1,000,000	-	1,000,000
PPP Loan (Note 12)	576,500	-	576,500
Capital lease obligation	-	7,990	7,990
Charitable gift annuity obligations	-	11,286	11,286
Deferred revenue	73,790	-	73,790
Total liabilities	1,942,391	429,522	2,371,913
Net assets			
Without donor restrictions	16,126,615	-	16,126,615
With donor restrictions	-	16,808,190	16,808,190
Total net assets	16,126,615	16,808,190	32,934,805
Total liabilities and net assets	\$ 18,069,006	\$ 17,237,712	\$ 35,306,718

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Activities For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
Contributions			
Individuals	\$ 471,589	\$ 1,073,164	\$ 1,544,753
Corporate	147,158	34,512	181,670
Other	34,292	53,100	87,392
In-kind	15,265	-	15,265
Grants			
Private foundation	188,000	115,820	303,820
Government	38,106	148,667	186,773
Operating subsidy, City of Richmond and Counties of Chesterfield, Henrico and Hanover	586,500	-	586,500
Total public support	<u>1,480,910</u>	<u>1,425,263</u>	<u>2,906,173</u>
Revenue			
Memberships	38,286	-	38,286
Gardens and grounds donations and fees	79,603	-	79,603
Maymont Mansion donations and fees	204,994	-	204,994
Carriage collection donations and fees	11,928	-	11,928
Nature and visitor center donations and fees	129,346	-	129,346
Wildlife exhibits and farm donations and fees	22,389	-	22,389
Vintage Maymont auction	309,580	-	309,580
Other fundraising events	16,757	-	16,757
Community events	287,949	-	287,949
Facility rentals	179,205	-	179,205
Gift shop sales	22,634	-	22,634
Concessions	42,069	-	42,069
Miscellaneous	4,536	-	4,536
Total revenue	<u>1,349,276</u>	<u>-</u>	<u>1,349,276</u>
Other income (loss)			
Interest and dividends, net	10,043	58,566	68,609
Realized/unrealized (loss) gain on investments, net	(30,442)	152,842	122,400
Change in value of split interest agreements	-	45,187	45,187
Loss on disposal of property and equipment	(123,068)	-	(123,068)
Total other income (loss)	<u>(143,467)</u>	<u>256,595</u>	<u>113,128</u>
Total public support, revenue, and income (loss)	2,686,719	1,681,858	4,368,577
Net assets released from restriction			
Satisfaction of restrictions	<u>9,217,565</u>	<u>(9,217,565)</u>	<u>-</u>
Total public support, revenue, income (loss) and reclassifications	<u>11,904,284</u>	<u>(7,535,707)</u>	<u>4,368,577</u>

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Activities (concluded) For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Functional expenses			
Program services			
Gardens and grounds	\$ 1,053,972	\$ -	\$ 1,053,972
Maymont Mansion	501,029	-	501,029
Carriage collection	75,122	-	75,122
Nature and visitor center	1,067,551	-	1,067,551
Wildlife exhibits and farm	859,451	-	859,451
Special events and rentals	570,287	-	570,287
Visitor services	248,082	-	248,082
Total program services	<u>4,375,494</u>	<u>-</u>	<u>4,375,494</u>
Supporting services			
Administrative and general	650,085	-	650,085
Fundraising	852,604	-	852,604
Total supporting services	<u>1,502,689</u>	<u>-</u>	<u>1,502,689</u>
Total functional expenses	<u>5,878,183</u>	<u>-</u>	<u>5,878,183</u>
Change in net assets	6,026,101	(7,535,707)	(1,509,606)
Net assets, beginning of year	<u>10,100,514</u>	<u>24,343,897</u>	<u>34,444,411</u>
Net assets, end of year	<u>\$ 16,126,615</u>	<u>\$ 16,808,190</u>	<u>\$ 32,934,805</u>

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Cash Flows For the Year Ended June 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ (1,509,606)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	1,370,902
Realized/unrealized gain on investments, net	(122,400)
Loss on disposal of property and equipment	123,068
Change in value of split interest agreements	(96,172)
Contributions restricted for long-term purposes	(1,049,433)
Changes in operating assets and liabilities:	
Pledges and contributions receivable	(350,380)
Other receivables	39,293
Gift shop inventory	1,734
Prepaid expenses	(8,975)
Accounts payable	277,126
Accrued expenses	(44,451)
Deferred revenue	(20,222)
Net cash used in operating activities	<u>(1,389,516)</u>
Cash flows from investing activities:	
Purchases of property and equipment	(5,386,078)
Purchases of investments	(7,215,952)
Proceeds from sale of investments	10,933,511
Net cash used in investing activities	<u>(1,668,519)</u>
Cash flows from financing activities:	
Proceeds from line of credit, net	1,000,000
Proceeds from PPP Loan (Note 12)	576,500
Proceeds from termination of gift annuity agreement	43,122
Proceeds from contributions restricted for long-term purposes	1,049,433
Payments on capital lease obligations	(2,627)
Net cash provided by financing activities	<u>2,666,428</u>
Net decrease in cash and cash equivalents	(391,607)
Cash and cash equivalents	
Beginning of year	<u>857,614</u>
End of year	<u><u>\$ 466,007</u></u>
Supplemental cash flow information	
Cash paid for interest	<u>\$ 2,980</u>
Non cash investing transactions:	
In-kind investment purchases through The Richmond Fund redemptions	<u><u>\$ 1,105,131</u></u>

MAYMONT FOUNDATION AND AFFILIATE

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2020

	Program Services							Supporting Services		Total
	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	
Human resources	\$ 629,243	\$ 291,294	\$ 64,781	\$ 489,699	\$ 269,260	\$ 298,169	\$ 185,979	\$ 418,926	\$ 527,583	\$ 3,174,934
Professional fees	1,937	19,171	1,164	7,409	16,250	41,571	12,683	48,439	20,583	169,207
Supplies	54,707	25,106	4,880	45,864	52,445	24,289	6,103	5,939	9,874	229,207
Postage and shipping	11	156	6	673	-	35	1,284	1,205	4,788	8,158
Occupancy	116,324	34,430	1,146	113,135	30,931	33,293	11,801	80,659	12,779	434,498
Equipment rental and repair	28,795	5,656	1,147	6,982	3,630	66,736	6,981	13,691	19,300	152,918
Printing and publications	394	1,163	-	638	150	2,299	5,080	720	13,510	23,954
Professional development	1,446	1,172	649	9,567	283	24	399	877	906	15,323
Vintage Maymont auction	-	-	-	-	-	-	-	-	9,655	9,655
Other fundraising events	-	-	-	-	-	-	-	-	216,689	216,689
Miscellaneous	-	-	-	-	-	-	-	44,445	-	44,445
Cost of goods sold	-	-	-	-	-	-	13,028	-	-	13,028
Gift-in-kind, operating expense	1,496	1,465	-	-	29	50	137	10,037	2,051	15,265
Subtotal	<u>834,353</u>	<u>379,613</u>	<u>73,773</u>	<u>673,967</u>	<u>372,978</u>	<u>466,466</u>	<u>243,475</u>	<u>624,938</u>	<u>837,718</u>	<u>4,507,281</u>
Depreciation and amortization	<u>219,619</u>	<u>121,416</u>	<u>1,349</u>	<u>393,584</u>	<u>486,473</u>	<u>103,821</u>	<u>4,607</u>	<u>25,147</u>	<u>14,886</u>	<u>1,370,902</u>
Total	<u>\$ 1,053,972</u>	<u>\$ 501,029</u>	<u>\$ 75,122</u>	<u>\$ 1,067,551</u>	<u>\$ 859,451</u>	<u>\$ 570,287</u>	<u>\$ 248,082</u>	<u>\$ 650,085</u>	<u>\$ 852,604</u>	<u>\$ 5,878,183</u>

See notes to consolidated financial statements.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

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 a 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 create experiences that delight, educate and inspire. *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* to support a diverse array of infrastructure and sustainability needs. The campaign concluded in December 2019, with \$25.8 million total raised, including \$19.2 million for capital projects and \$6.6 million for endowments.

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 April 15, 2021, neither party has expressed an interest in termination of the contract, and management believes the probability of termination is remote.

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. As a result, certain activities after March 2020 were either postponed or cancelled. Management implemented cost-saving techniques and obtained a Paycheck Protection Program Loan (see Note 12). The ultimate impact of COVID-19 on the Foundation's future financial state is unknown at this time.

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 9. The consolidated financial statements have been prepared on the accrual basis 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, 2020

Note 2 – Summary of significant accounting policies (continued)

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time. At June 30, 2020, net assets without restrictions totaling \$524 were designated by the board of directors as quasi-endowment and \$454,054 were designated by the board of directors for projects associated with the *Spirit of Generosity Campaign*.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. 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 consolidated 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 is valued at the lower of cost (first-in, first-out) or net realizable value.

Investments - Investments and funds held in trust are reported at fair value in the consolidated statement of financial position and include assets held in with Commonfund Asset Management Company, Inc. (CAMC), Property Holdings IV, LLC (PHIV), and The Rohatyn Group (TRG). Donated stocks and other securities are recorded at fair value as of the date received. Interest, dividends, realized and unrealized gains and losses and expenses 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. Intangible assets are presented net of accumulated amortization and amounted to \$3,236 as of June 30, 2020. Amortization expense was \$881 for 2020.

Amortization expense on the assets is expected to be \$881 annually over the next 3 years and \$593 thereafter.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

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>
Improvements	5-35
Robins Nature and Visitor Center	10-25
Furniture, fixtures, and equipment	3-10
Mansion below stairs exhibit	5-7

Property and equipment also includes antiques and collections (Note 9) which consists of purchased antiques, exhibits, animals and tree replacements and are not depreciated.

Contributions - All contributions are considered to be available for general 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 increases to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Paycheck Protection Program Loan - The Foundation's policy is to account for the Paycheck Protection Program ("PPP loan") (See Note 12) as debt. The Foundation will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) the Foundation pays off the loan.

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, 2020, advertising costs amounted to \$38,954.

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. This primarily involves salaries that are allocated on the basis of estimated time and effort. All accounting, information technology, human resources and fundraising staff costs are considered supporting services. Additionally, total expenses for the marketing and public relations department are allocated between program and supporting services functions based on estimated time and effort.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 2—Summary of significant accounting policies (concluded)

Donated materials and services - Donated materials and equipment are reflected as contributions in the accompanying consolidated financial statements at their estimated fair values at date of receipt. During 2020, approximately 1,036 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:

Area	Hours
Gardens and grounds	4,503
Maymont Mansion	2,936
Carriage collection	230
Robins Nature and Visitor Center	1,292
Wildlife exhibits and farm	551
Special events	1,979
Fundraising and administration	220
	<u>11,711</u>

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 disregarded entity for tax purposes and its activities are treated as activities of the Foundation. The Foundation is a member in Property Holdings IV, LLC and a partner in TRG Forestry Fund 7-B, LP and TRG Forestry Fund 8-B, LP, and in pooled investment vehicles with Commonfund Asset Management Company, Inc. and reports its share of the investment income and loss on its income tax return.

Certain investment transactions or transactions of MFREH, LLC may produce income taxable to the Foundation. There is no known tax liability as of June 30, 2020.

Management has concluded that the Foundation had no significant financial statement exposure to uncertain tax positions at June 30, 2020. The Foundation is not currently under audit by any tax jurisdiction.

Subsequent events - In February, 2021, the Foundation received a second PPP loan for \$578,192. The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2020 consolidated financial statements through April 15, 2021, the date the consolidated financial statements were available to be issued, and has determined that other than described above, there are no other subsequent events to be reported.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 3 – Liquidity and availability of resources

The Foundation's goal is to maintain financial assets to meet 90 days of general expenditures. As part of the Foundation's liquidity management, excess cash is invested in short-term investments including money market accounts.

As of June 30, 2020, the following financial assets that are without donor or other restrictions limiting their use, could be readily available within one year of the statement of financial position date to meet general expenditure:

Cash without donor restrictions	\$	209,163
Pledges receivable, net		546,899
Investments without donor restrictions		<u>1,491,862</u>
		2,247,924
Less: net assets with board designations		<u>454,578</u>
Financial assets available within one year for general expenditures	\$	<u><u>1,793,346</u></u>

The Foundation board appropriates funds each year from endowments in accordance with the spending policy (Note 8). Amounts noted above do not include budgeted appropriation amounts totaling \$718,305 for 2021, which will be available for general expenditure.

Note 4 - Pledges and contributions receivable

Pledges receivable for Foundation operations, capital campaign, and various other projects are reported as net assets with donor restrictions as of June 30, 2020. These unconditional promises to give are to be received during years subsequent to June 30, 2020.

Receivable in less than one year	\$	546,899
Receivable in one to five years		745,236
Receivable in more than five years		<u>292,499</u>
		1,584,634
Less: Discounts to net present value		(44,300)
Allowance for doubtful accounts		<u>(61,000)</u>
Net pledges receivable	\$	<u><u>1,479,334</u></u>

Unconditional promises to give are primarily from individuals, foundations, and corporations located in metropolitan Richmond, from the City of Richmond, and a government grant, and are reflected at the present value of estimated future cash flows using a discount rate of 0.29% for receivables due within five years and 1.18% for the pledge receivable due over fifteen years.

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Notes to Consolidated Financial Statements June 30, 2020

Note 5 – Trusts and annuities

As of June 30, 2020, the Foundation had received contributions under three charitable gift annuity agreements. Under the terms of the contracts, the Foundation agrees to pay an annual annuity ranging from 8.0% to 9.0% of the original gift amount to the beneficiaries as long as they live.

Payments under the agreements began June 30, 2012, March 31, 2015 and September 30, 2016. All payments are distributed quarterly. Upon the death of the beneficiaries, any remaining assets are available for general endowment or for general use by the Foundation. The annuity assets are segregated as separate funds within the Foundation's investments 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 6 – Investments

The Foundation was a partner in The Richmond Fund, LP (TRF), 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 TRF were allocated to each partner's capital account according to their respective interests in TRF. A portion of Foundation's funds that are available for long-term investment as well as a portion of assets restricted to gift annuity obligations were placed with TRF.

In January 2018, the Foundation initiated a process to withdraw from TRF and move its long-term investments to pooled investment vehicles with Commonfund Asset Management Company, Inc. (CAMC). Under terms of the partnership agreement with TRF, the withdrawal was to take place over three years and would include cash distributions as well as transfers of in-kind assets. During 2020, the Foundation received \$5,518,151 in cash and \$1,105,131 in total partnership interests among three investment limited partnerships: Property Holdings IV, LLC, TRG Forestry Fund 7-B, LP and TRG Forestry Fund 8-B, LP. Effective December 31, 2019, the Foundation's partnership interest in TRF was fully redeemed.

Investments at June 30, 2020 are summarized as follows:

	Fair Value
Commonfund Institutional Multi-Strategy Bond Fund, LLC	\$ 4,487,421
Commonfund Institutional Multi-Strategy Equity Fund, LLC	10,383,313
Property Holdings IV, LLC	882,320
TRG Forestry Fund 7-B, LP	4,103
TRG Forestry Fund 8-B, LP	79,338
Less: Charitable gift annuity assets	(26,507)
	15,809,988
Cash and cash equivalents held for long-term purposes	719,485
	<u>\$ 16,529,473</u>

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Notes to Consolidated Financial Statements June 30, 2020

Note 7 – 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.

The majority of the Foundation's long-term investments and assets restricted to charitable gift annuities are held in pooled investment vehicles held with Commonfund Asset Management Company, Inc. (CAMC), including an equity fund and a fixed income fund. The equity fund allocates assets across a broad spectrum of equity strategies, including common stock of U.S. companies and other equity securities of foreign companies in both developed and emerging markets. The fixed income fund allocates assets across a broad spectrum of fixed income sectors, including investing directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the U.S. bond market. The remainder of the Foundation's long-term investments are held in Property Holdings IV, LLC, TRG Forestry Fund 7-B, LP and TRG Forestry Fund 8-B, LP. These limited partnerships hold investments in real estate and timber investments.

The investments with CAMC are in equity and bond funds that report on a fair value basis. Based on the terms of the partnership agreements with Property Holdings IV, LLC, TRG Forestry Fund 7-B, LP and TRG Forestry Fund 8-B, LP for fair value measurement the Foundation views its investments as a single asset category. Therefore, as a practical expedient, the Foundation has estimated the fair value of all its investments on the basis of net asset value ("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. Therefore in accordance with accounting guidance, the value of these investments is excluded from the fair value hierarchy.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 7 – Fair value measurements (concluded)

The following table summarizes the Foundation’s investments measured at fair value using NAV per share as a practical expedient as of June 30, 2020:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commonfund Institutional Multi-Strategy Bond Fund, LLC	\$ 4,487,421	N/A	Monthly	5 days
Commonfund Institutional Multi-Strategy Equity Fund, LLC	\$ 10,383,313	N/A	Monthly	5 days
Property Holdings IV, LLC	\$ 882,320	\$ 12,716	N/A	N/A
TRG Forestry Fund 7-B, LP	\$ 4,103	N/A	N/A	N/A
TRG Forestry Fund 8-B, LP	\$ 79,338	N/A	N/A	N/A

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents restricted for long-term purposes	\$ 719,485	\$ -	\$ 719,485
Commonfund Institutional Multi-Strategy Bond Fund, LLC, excluding gift annuity assets	-	-	4,479,422
Commonfund Institutional Multi-Strategy Equity Fund, LLC, excluding gift annuity assets	-	-	10,364,805
Property Holdings IV, LLC	-	-	882,320
TRG Forestry Fund 7-B, LP	-	-	4,103
TRG Forestry Fund 8-B, LP	-	-	79,338
Total investments	719,485	-	16,529,473
Pledges and contributions receivable, net	-	1,479,334	1,479,334
Gift annuity assets	-	-	26,507
Total at fair value	<u>\$ 719,485</u>	<u>\$ 1,479,334</u>	<u>\$ 18,035,314</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 8 – Endowment

The Foundation's endowment consists of nine 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 net assets with donor restrictions: (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.

Donor-restricted endowment funds are released from restriction when 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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Perpetual restriction	\$ -	\$ 10,977,622	\$ 10,977,622
Endowment earnings	-	1,460,356	1,460,356
Board-designated endowment funds	524	-	524
Total endowment net assets	<u>\$ 524</u>	<u>\$ 12,437,978</u>	<u>\$ 12,438,502</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 8 – Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	\$ 49,242	\$ 12,778,076	\$ 12,827,318
Contributions	-	50,000	50,000
Investment return:			
Investment income	265	81,467	81,732
Net appreciation	366	133,920	134,286
Total return	631	215,387	216,018
Appropriation of endowment net assets for expenditure	(49,349)	(605,485)	(654,834)
Endowment net assets, June 30, 2020	\$ 524	\$ 12,437,978	\$ 12,438,502

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 the Act require the Foundation to retain as a fund of perpetual duration in accordance with GAAP. These deficiencies are reported as net assets with donor restrictions. The Foundation allows spending from underwater endowments in accordance with its spending policy. There were no deficiencies of this nature as of June 30, 2020.

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 endowment's 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 provisions 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.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 8 – Endowment (concluded)

The following represents the long term asset allocation policy:

<u>Asset Class</u>	<u>Long Term Desired Range</u>
Equity	40 to 80%
Fixed income	10 to 45%
Private capital	0 to 30%
Cash	0 to 10%
Alternatives	0 to 10%

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, 2020, the appropriation rate was 5% with no adjustment to the method of calculation.

Note 9 - Property and equipment

Property and equipment consists of the following at June 30, 2020:

Land	\$	1,103,799
Improvements		18,989,490
Robins Nature and Visitor Center		10,533,765
Furniture, fixtures, and equipment		2,786,058
Mansion below stairs exhibit		176,701
Antiques and collections		751,198
Construction-in-process		19,166
		<u>34,360,177</u>
Less: accumulated depreciation		<u>17,776,683</u>
	\$	<u>16,583,494</u>

Depreciation expense on property and equipment totaled \$1,370,021 for 2020.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 10 – Leasing activities

The Foundation is the lessee of mowing equipment under a capital lease. 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 leases is included in depreciation expense for 2020.

Property held under the lease at June 30, 2020 is as follows:

Equipment	\$	15,925
Less accumulated depreciation		<u>4,645</u>
	\$	<u><u>11,280</u></u>

Minimum future payments under the capital lease, as of June 30, 2020, for each of the next three fiscal years is:

2021	\$	2,700
2022		2,700
2023		<u>2,700</u>
Total minimum lease payments		8,100
Less amount representing interest		<u>110</u>
Present value of net minimum lease	\$	<u><u>7,990</u></u>

The Foundation also leases office equipment under various operating leases. Rental expense totaled \$8,044 for 2020. Minimum future payments under the operating leases, as of June 30, 2020 are as follows:

2021	\$	4,547
2022		<u>755</u>
Total	\$	<u><u>5,302</u></u>

Note 11 – Available financing

The Foundation has available a \$4,000,000 unsecured line of credit expiring July 15, 2021 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 is being used to fund construction projects in advance of cash receipts from pledge payments related to *The Spirit of Generosity Campaign*. As of June 30, 2020, the outstanding balance on the line of credit was \$1,000,000.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 12 – Paycheck Protection Program Loan

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan (“PPP Loan”) to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Foundation applied for and was approved for a PPP Loan in the amount of \$576,500. The loan was funded on April 16, 2020. The loan accrues interest at 1.0%, but payments are not required to begin for ten months after the end of the covered period of the PPP Loan (no sooner than April 15, 2021). The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government.

As of June 30, 2020, the Foundation had used all of the loan proceeds for qualifying costs and as a result, management believes the PPP Loan will be fully forgiven.

Note 13 – 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, 2020, 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 \$26,246.

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 14 – Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2020:

Time or purpose:

<i>The Spirit of Generosity Campaign</i>	\$	1,736,203
Robins Nature and Visitor Center		1,941,341
General endowment earnings		1,067,111
Carriage collection		297,180
Maymont Mansion		472,428
Charitable gift annuities		15,221
Various purpose and timing restrictions		301,084

Perpetual:

General endowment		5,119,140
Robins Nature and Visitor Center endowment		4,489,428
Mansion endowment		1,078,454
Markel endowment		100,000
Grounds and garden endowment		100,000
Marie's Butterfly Trail & Jack's Vegetable Garden		50,000
Ikebana endowment		30,000
Etsuko Phillips memorial endowment		10,600
	\$	<u>16,808,190</u>

Net assets with donor restrictions were released from restriction by satisfying restricted purposes during the year ended June 30, 2020 are summarized as follows:

<i>The Spirit of Generosity Campaign</i>	\$	3,444,638
Robins Nature and Visitor Center		360,449
Headquarters Building		4,597,005
General endowment earnings		303,708
Grounds and Garden		61,067
Maymont Mansion		73,058
Various purpose and timing restrictions		377,640
	\$	<u>9,217,565</u>

MAYMONT FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements June 30, 2020

Note 15 – Commitments and concentrations

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, 2020, deposits at two banks exceeded the insured limit by a total of \$491,010.

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 75% of pledges receivable at June 30, 2020 was from three gifts.

Note 16 – 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 2020 the total of such gifts was \$666,687. Pledges from board members outstanding at June 30, 2020 were \$538,000. During the year ended June 30, 2020, board members affiliated with law firms contributed legal services totaling \$10,000.

One board member is the CEO and President of a contractor which was paid \$23,132 primarily for HVAC 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.

Note 17 – New accounting guidance

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The standard provides additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions. The ASU requires nonprofit organizations to present in-kind contributions as a separate line item in the Statement of Activities and to provide additional disclosures in the footnotes covering the following areas:

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

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

MAYMONT FOUNDATION

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Mitch Haddon	Vice President
Gary Gore	Treasurer, President-Elect
Allison Domson	Secretary
Clint M. Bowes*	Past President

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MAYMONT FOUNDATION

2020-2021 Board of Directors

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C. Parke Richeson

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