The John Marshall Foundation

Financial Statements
Year Ended December 31, 2018

The John Marshall Foundation

Officers

Thomas G Slater, President

Kevin Walsh, Vice President

Addison B. Thompson, Secretary/Treasurer

The John Marshall Foundation

Contents

MOREY, JONES & PFEIFFER, P.C.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The John Marshall Foundation
Richmond, Virginia

We have audited the accompanying financial statements of The John Marshall Foundation, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The John Marshall Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Morey, Jones & Pfeiffer, P.C.
Henrico, Virginia
November 11, 2019

The John Marshall Foundation

Statement of Financial Position
December 31, 2018

Assets		
Current Assets		
Cash and cash equivalents	$	59,178
Employee advances		849
Unconditional promises to give		
Without donor restrictions		3,650
With time-based donor restrictions		60,000
Total Current Assets		123,677
Property and Equipment - Net		538,991
Long-term unconditional promises to give		
Restricted to payments in future periods		59,761
Total Assets		722,429
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		2,223
Total Liabilities		2,223
Net Assets		
Without donor restrictions		563,311
With donor restrictions		156,895
Total Net Assets		720,206
Total Liabilities and Net Assets	$	722,429

See accompanying notes to financial statements.

The John Marshall Foundation

Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 277,815	$ 163,749	$ 441,564
Investment return	11	-	11
Event registration income	4,600	-	4,600
Project management/overhead fees	28,076	-	28,076
Net assets released from restrictions			
Satisfaction of purpose restrictions	90,415	(90,415)	-
Total Revenues, Gains, and Other Support	400,917	73,334	474,251
Expenses			
Program Services			
Justice in the Classroom	53,359	-	53,359
Burr play	82,100	-	82,100
Burr film	110,035	-	110,035
Other programs	47,080	-	47,080
Supporting Services		-	-
Management and general	40,830	-	40,830
Fund-raising	78,889	-	78,889
Total Expenses	412,293	-	412,293
Change in net assets	(11,376)	73,334	61,958
Net assets - beginning of year	574,687	83,561	658,248
Net assets - end of year	$ 563,311	$ 156,895	$ 720,206

See accompanying notes to financial statements.

The John Marshall Foundation

Statement of Functional Expenses
Year Ended December, 31, 2018

	Program Services			
	Justice in the Classroom	Burr Play	Burr Film	Other Programs
Rent	$ 1,536	$ 1,535	$ 1,536	$ 1,535
Equipment lease	535	535	535	535
Legal and accounting	-	-	-	-
Insurance	-	-	-	-
Office expense	1,201	1,202	1,202	1,234
Travel	606	606	606	606
Depreciation	-	-	-	-
Taxes and licenses	-	-	-	-
Payroll taxes	963	1,359	1,119	546
Teacher's award	-	-	-	5,737
Development and marketing	-	-	-	-
Special events	-	-	-	6,930
Other expenses	-	-	-	3,987
Honorariums/travel	-	-	-	7,335
Genealogy consultant	-	-	-	9,310
JIC - production costs	26,588	-	-	-
Burr trial play - production costs	-	37,202	-	-
Burr trial film - production costs	-	-	91,052	-
Grant Management/Overhead	3,900	22,676	-	1,500
Salaries:				
Executive Director	2,275	6,825	6,825	6,825
Director of Development	-	-	-	-
Education	9,760	3,000	-	1,000
Development Associate	755	7,160	7,160	-
Curriculum consultant	5,240	-	-	-
Totals	$ 53,359	$ 82,100	$ 110,035	$ 47,080

Supporting Services		
Management and General	Fund-Raising	Total
$ 2,175	$ 4,478	$ 12,795
-	-	2,140
6,998	-	6,998
1,992	-	1,992
7,894	-	12,733
807	-	3,231
5,443	-	5,443
225	-	225
1,133	4,475	9,595
-	-	5,737
-	10,718	10,718
-	-	6,930
-	-	3,987
-	-	7,335
-	5,063	14,373
-	-	26,588
-	-	37,202
-	-	91,052
-	-	28,076
9,100	13,650	45,500
5,063	40,505	45,568
-	-	13,760
-	-	15,075
-	-	5,240
$ 40,830	$ 78,889	$ 412,293

See accompanying notes to financial statements.

The John Marshall Foundation

Statements of Cash Flows
Year Ended December 31, 2018

Cash Flows From Operating Activities	
Increase in net assets	$ 61,958
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	5,443
Change in:	
Unconditional promises to give	(109,812)
Employee advances	(849)
Other assets	1,446
Accounts payable	(1,982)
Net cash used in operating activities	(43,796)
Net decrease in cash and cash equivalents	(43,796)
Cash and cash equivalents - beginning of year	102,974
Cash and cash equivalents - end of year	$ 59,178

See accompanying notes to financial statements.

The John Marshall Foundation

Notes to Financial Statements
Year Ended December 31, 2018

Note 1 – Organization and Nature of Activities

The John Marshall Foundation (the Foundation) is a nonprofit, nonstock, tax-exempt corporation formed in Virginia in 1987 to (a) sponsor education and public interest programs, lectures, scholarships, and other activities in the fields of law, government, history and civic affairs for the purpose of promoting a greater public understanding of Chief Justice John Marshall and his many accomplishments, (b) contribute to the costs of operation, maintenance, preservation and restoration of The John Marshall House as a permanent memorial to Chief Justice Marshall, and to (c) support the preservation, maintenance, interpretation and restoration of related historic properties.

Note 2 - Summary of Significant Accounting Policies

The summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. These financial statements and notes are representations of management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give with payment dates in future periods are reported as restricted contributions due to the implied time restriction. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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Notes to Financial Statements
Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Foundation capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2018. Years ending on or after December 31, 2016 remain subject to examination by federal and state taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Collections and Artifacts

The Foundation capitalizes its collections. Accessions are capitalized at cost if purchased and at fair value at date of accession if received by donation. Gains and losses on deaccessions of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

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Notes to Financial Statements
Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Concluded)

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 11, 2019, the date the financial statements were available to be issued.

Note 3 –Promises to Give

Unconditional promises to give consists of the following at December 31, 2018:

Promises without donor restrictions	$ 3,650
Promises with donor restrictions	125,291
Gross unconditional promises to give	128,941
Less: Unamortized discount	(5,530)
Net unconditional promises to give	$123,411

Amounts due in:	
Less than one year	$ 63,650
One to two years	65,291
	$128,941

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 5% when the donor makes an unconditional promise to give to the Foundation.

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Notes to Financial Statements
Year Ended December 31, 2018

Note 4 – Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

Land and improvements	$547,070
Office furniture and equipment	11,894
Historical collections and artifacts	19,000
Computers, software and website	79,042
	$657,006
Less accumulated depreciation	(118,015)
	$538,991

Note 5 – Restrictions on Net Assets

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

Justice in the Classroom	$ 37,867
Lecture series	1,165
Genealogy	4,114`
Contributions with time restrictions for payment dates in future periods	113,749
	$156,895

Note 6 - Commitments and Contingencies

The Foundation has no formal contractual obligation to provide funding to Preservation Virginia for the operation and maintenance of the John Marshall House. Funds are provided based on the annual support activities of the Foundation and therefore funding to Preservation Virginia is subject to the level of public support and/or any other use of Foundation assets as determined by the Board.

The Foundation rented office space under a lease from Gamble's Hill Third Street, LLC that began May 1, 2018 and was to end on April 30, 2021. Under the New Market Lease the monthly rent from inception through July 31, 2018 was $900 per month, and from August 1, 2018, until the Foundation by agreement with the landlord terminated the New Market Lease, effective as of October 8, 2019 (with rent prorated for the period October 1, 2019 until occupancy ended on October 8, 2019), when the Foundation relocated its offices to the Virginia Museum of History and Culture ("VMHC") under a new lease (the "VMHC Lease"), that was effective October 1, 2019, with an initial term ending on December 31, 2022. Under the VMHC Lease, the

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Note 6 - Commitments and Contingencies (Concluded)

Foundation will pay rent of $850 per month ($10,200 per year) during the lease term with utilities and janitorial service provided by VMHC at no additional expense to the Foundation. For the year ended December 31, 2018, the Foundation's aggregate rent expense for its office was $12,795, consisting of $6,030 incurred under the New Market Lease, $6,136 incurred under its previous office lease for space elsewhere and $629 incurred for storage space.

The following is a schedule of future minimum payments required under the VMHC lease for:

Years ending December 31:

2019	$ 7,950
2020	10,200
2021	10,200
2022	10,200
	$38,550

Note 7 – Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	$182,589
Less those unavailable for general expenditures within one year:	
Restricted by donors with time or purpose restrictions	(43,146)
Contributions with time restrictions for payments to be received beyond one year	(59,761)
Financial assets available to meet cash needs for general expenditures within one year	$79,682

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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Notes to Financial Statements
Year Ended December 31, 2018

Note 8 – New Accounting Guidance

Financial Reporting Changes for Non-Profits: In August, 2016, FASB issued ASU No. 2016-14, "Not-For-Profit Entities" (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities", which both simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Significant changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets—net assets with donor restrictions and net assets without donor restrictions.

- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of net assets with donor restrictions and requires additional disclosures for underwater endowment funds.

- Requires all not-for-profits to provide expenses by nature and function.

- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources.

The amendments in this ASU are effective for the Foundation beginning in 2018.