

JACKIE ROBINSON FOUNDATION, INC.

Financial Statements

For the Year Ended June 30, 2013

(With Summarized Financial Information for 2012)

With Report of Independent Auditors

JACKIE ROBINSON FOUNDATION, INC.
For the Year Ended June 30, 2013
(With Summarized Financial Information for 2012)

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Jackie Robinson Foundation, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of the Jackie Robinson Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2013, the related statements of activities 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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 Jackie Robinson Foundation, Inc. at June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell & Titus, LLP

November 5, 2013

JACKIE ROBINSON FOUNDATION, INC.

Statement of Financial Position

As of June 30, 2013

(With Summarized Financial Information as of June 30, 2012)

	2013			2012
	<u>Operating</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents (Note 3)	\$ 277,510	\$ -	\$ 277,510	\$ 403,767
Investments (Note 7)	1,778	9,505,743	9,507,521	9,308,477
Pledges receivable, net (Note 6)	7,993,236	47,170	8,040,406	7,295,840
Interfund receivable (payable)	(1,209,615)	1,209,615	-	-
Other receivables	106,534	12,942	119,476	73,224
Prepaid expenses	78,425	-	78,425	45,337
Inventory	41,501	-	41,501	55,468
Security deposits	14,321	-	14,321	44,321
Property and equipment, net (Note 4)	3,167,852	-	3,167,852	3,363,647
Total assets	<u>\$ 10,471,542</u>	<u>\$ 10,775,470</u>	<u>\$ 21,247,012</u>	<u>\$ 20,590,081</u>
LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 177,654	\$ -	\$ 177,654	\$ 131,089
Revolving loan payable (Note 8)	20,964	-	20,964	-
Deferred rent obligation (Note 9)	1,606,932	-	1,606,932	1,603,337
Credit line payable (Note 8)	4,699,008	-	4,699,008	4,050,895
Total liabilities	<u>6,504,558</u>	<u>-</u>	<u>6,504,558</u>	<u>5,785,321</u>
<i>Net assets (deficit)</i>				
<i>Unrestricted</i>				
Board-designated endowment (Note 5)	-	6,246,853	6,246,853	5,829,707
Undesignated	(11,216,351)	-	(11,216,351)	(8,828,051)
Total unrestricted	(11,216,351)	6,246,853	(4,969,498)	(2,998,344)
<i>Temporarily restricted (Note 11)</i>	15,183,335	4,528,617	19,711,952	17,803,104
Total net assets	<u>3,966,984</u>	<u>10,775,470</u>	<u>14,742,454</u>	<u>14,804,760</u>
Total liabilities and net assets	<u>\$ 10,471,542</u>	<u>\$ 10,775,470</u>	<u>\$ 21,247,012</u>	<u>\$ 20,590,081</u>

The accompanying notes are an integral part of these financial statements.

JACKIE ROBINSON FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2013

(With Summarized Financial Information for the Year Ended June 30, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS				
<i>Public support</i>				
Fundraising events	\$ 1,384,551	\$ -	\$ 1,384,551	\$ 1,728,415
Less: Direct benefit to donor costs	671,833	-	671,833	599,824
Fundraising events, net (Note 13)	712,718	-	712,718	1,128,591
Contributions and grants	1,318,805	2,364,833	3,683,638	4,360,676
Legacy campaign	-	1,953,049	1,953,049	112,225
Endowment campaign	-	2,710	2,710	1,870
<i>Revenue</i>				
Investment income	111,952	115,887	227,839	266,875
Net realized and unrealized gains/(losses) on investments	305,235	169,868	475,103	(179,126)
Other income	1,254	-	1,254	109,963
	2,449,964	4,606,347	7,056,311	5,801,074
<i>Reclassifications</i>				
Net assets released from restriction				
Restrictions satisfied	2,697,499	(2,697,499)	-	-
Total public support, revenue and reclassifications	5,147,463	1,908,848	7,056,311	5,801,074
EXPENSES				
<i>Program services</i>				
Education and leadership development	3,514,812	-	3,514,812	3,401,100
Public information	614,870	-	614,870	601,123
Archives	236,982	-	236,982	229,157
Total program services	4,366,664	-	4,366,664	4,231,380
<i>Supporting services</i>				
Management and general	647,503	-	647,503	624,391
Fundraising	1,514,091	-	1,514,091	1,410,027
Total supporting services	2,161,594	-	2,161,594	2,034,418
Total expenses before museum development costs and loss on disposal of property and equipment	6,528,258	-	6,528,258	6,265,798
Museum development costs (Note 14)	586,264	-	586,264	546,144
Loss on disposal of property and equipment	4,095	-	4,095	-
Total	7,118,617	-	7,118,617	6,811,942
Change in net assets (deficit)	(1,971,154)	1,908,848	(62,306)	(1,010,868)
Net (deficit) assets, beginning of year	(2,998,344)	17,803,104	14,804,760	15,815,628
Net (deficit) assets, end of year	\$ (4,969,498)	\$ 19,711,952	\$ 14,742,454	\$ 14,804,760

The accompanying notes are an integral part of these financial statements.

JACKIE ROBINSON FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ (62,306)	\$ (1,010,868)
<i>Adjustments to reconcile change in net assets (deficit) to net cash (used in) provided by operating activities</i>		
Depreciation and amortization	252,045	244,926
Loss on the disposal of fixed assets	4,096	-
Debt finance interest	35,172	35,635
Bad debt	70,000	86,157
Net realized and unrealized (gain)/loss on investments	(475,103)	179,126
<i>Change in operating assets and liabilities</i>		
(Increase) decrease in pledges receivable	(814,566)	251,765
Increase in interest and other receivables	(46,252)	(9,164)
(Increase) decrease in prepaid expenses	(33,088)	59,666
Decrease in inventory	13,967	1,423
Decrease in advance payable	-	(139,019)
Increase in deferred rent obligation	3,595	437,522
Increase (decrease) in accounts payable and accrued expenses	46,565	(65,177)
Net cash (used in) provided by operating activities	<u>(1,005,876)</u>	<u>71,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,483,750	3,350,424
Purchases of investments	(2,207,690)	(3,392,721)
Purchases of property and equipment	(60,346)	(62,001)
Security deposits released (paid)	30,000	(30,000)
Net cash provided by (used) in investing activities	<u>245,714</u>	<u>(134,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	612,941	-
Proceeds from revolving loan	22,598	-
Repayment of revolving loan	(1,634)	-
Net cash provided by financing activities	<u>633,905</u>	<u>-</u>
Net decrease in cash and cash equivalents	(126,257)	(62,306)
Cash and cash equivalents, beginning of year	<u>403,767</u>	<u>466,073</u>
Cash and cash equivalents, end of year	<u><u>\$ 277,510</u></u>	<u><u>\$ 403,767</u></u>
SUPPLEMENTARY DISCLOSURE		
Cash paid for interest	<u><u>\$ 36,545</u></u>	<u><u>\$ 33,333</u></u>

The accompanying notes are an integral part of these financial statements.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 1 ORGANIZATION AND OPERATIONS

The Jackie Robinson Foundation, Inc. (the Foundation) is a publicly supported, not-for-profit national organization established in 1973. It was founded in commemoration of Jackie Robinson, a superb athlete and a man dedicated to the struggle for social, economic, and political justice for all. Its programs are focused on supplemental education, youth mentoring, and tuition assistance. Additionally, the Foundation serves as an advocate for the rights and interests of minority youth and, in a broader sense, their families and the community in which they live.

The Foundation is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in conformity with generally accepted accounting principles (GAAP) in the U.S. Accordingly, the Foundation is required to report information regarding its financial position and activities according to three net asset classes: unrestricted, temporarily restricted, and permanently restricted.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Asset Classifications

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Therefore, net assets with similar characteristics have been combined into the following categories:

Unrestricted: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions on behalf of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets can be utilized to carry out any purpose of the Foundation.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

Net Asset Classifications (*continued*)

Temporarily restricted: Net assets used by the Foundation and subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire with the passage of time. These temporarily restricted net assets are designated principally for scholarships and endowed scholarships.

Scholarship contributions made by donors are four-year scholarship commitments to the Foundation payable through one-time or annual contributions. Endowed scholarship contributions are gifts made by donors to fund endowed Jackie Robinson Foundation scholarships and are placed into an investment fund account at the Board's approval. Scholarships are awarded using the returns and/or proceeds from the investment of these funds.

Permanently restricted: Net assets subject to donor-imposed stipulations and that can be maintained permanently by the Foundation. At June 30, 2013 and 2012, the Foundation does not have any permanently restricted net assets.

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a modified version of the Uniform Prudent Management of Institutional Funds Act, which superseded the State of New York Uniform Management of Institutional Funds Act (the prior law). Management has evaluated the effect of NYPMIFA on the investments, appropriation and management of its institutional funds and determined that it is in compliance with the NYPMIFA

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unrestricted Net Deficit

As is reflected in the financial statements, in the last few years the Foundation has experienced losses from operations which have added to the cumulative unrestricted net deficit of \$4,969,498 and \$2,998,344, as of June 30, 2013 and 2012, respectively. The increase in the unrestricted net deficit over the past four years was directly attributable to the economic downturn of 2009 and its short- and long-term impact on fundraising, primarily in the New York metropolitan area on October 18, 2013. At its annual meeting held on October 18, 2013, the Foundation's leadership implemented a three-year fiscal plan that will:

- Respond to the need to further diversify revenue sources
- Create less dependency on net revenue from special events
- Enhance programmatic funding options to encourage new and expanded donor engagement
- Continue the vigilance in managing support services costs

Current projections suggest that by fiscal 2016, the Foundation will generate sufficient revenue that both meets budgeted targets and helps reduce the unrestricted net deficit.

Support and Revenue Recognition

Contributions and grants, including promises to give, are recorded at fair value and recognized as revenue when received or pledged unconditionally. Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

Pledges Receivable

Pledges receivable are reported at their fair values. The fair value measurements also include consideration of the donor's credit risk. An allowance for uncollectible pledges is estimated based on the Foundation's collection history and is recorded as a charge to bad debt and the valuation allowance during the fiscal year when the allowance is determined necessary.

Cash Equivalents

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are carried at their fair value based on quoted market prices or, if donated, at the estimated fair value on the date of the gift. Realized and unrealized gains and losses are included in the statement of activities as increases or decreases in unrestricted net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains and losses. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale. Purchases and sales of securities are recorded on a trade-date basis.

The Foundation employs the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. ASC 820 defines fair value, requires expanded disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an assets or liability at the measurement date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs are prioritized according to the valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs), and the lowest priority is given to measurements involving insignificant unobservable inputs (Level 3 inputs). The three levels are as follows:

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are those other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation.

Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

Investment Income and Investment Management Fees

Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments. Changes in net unrealized gains and losses are calculated based on the change in the difference between the cost and the fair values of investments at June 30 of the current year compared to the cost and the fair values of investments at June 30 of the prior year. Gains and losses on investment transactions are reflected in changes in unrestricted and temporarily restricted net assets. No investment income pertains to operating investments. Investment management fees of \$24,314 and \$22,129 have been incurred for the years ended June 30, 2013 and 2012, respectively.

In-kind Contributions

In-kind contributions represent donated office space and are reflected in the financial statements at the estimated fair value at the time of donation.

Fundraising Events

Fundraising events revenue is net of direct benefit to donor costs consisting of meals, entertainment, and other costs totaling \$671,833 and \$599,824 for the years ended June 30, 2013 and 2012, respectively.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Property and Equipment

Property and equipment are recorded at cost or the fair value at the date of donation. Depreciation of property and equipment is provided for on a straight-line basis over the estimated useful lives of the respective assets, while leasehold improvements are amortized over their estimated useful lives or the term of the lease, whichever is shorter. Works of art are valued at cost and are not depreciated. Depreciation will begin on construction in progress once assets are put into service.

The Foundation evaluates impairment on long-lived assets, which are held for use, whenever events or circumstances indicate that impairment may exist. An impairment loss is recorded if the net carrying value of the assets exceeds the undiscounted future net operating cash flows attributable to the asset. The impairment loss recognized equals the excess of net carrying value over the related fair value of the assets. Management has determined that long-lived assets were not impaired at June 30, 2013 and 2012.

Inventory

Inventory consists primarily of Jackie Robinson's coins, transit checks and merchandise, which are stated at fair value.

Functional Allocation of Expenses

The costs associated with providing the Foundation's programs and other activities have been summarized on a functional basis in the statement of activities, which includes all expenses incurred during the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(a) of the IRC as a public charitable organization described in Section 501(c)(3) and, accordingly, is exempt from Federal income taxes under Section 501(a) of the IRC. It has been classified as a "publicly supported, not-for-profit national organization." Additionally, since the Foundation is publicly supported, all contributions qualify for the maximum charitable contribution deduction under the IRC. The Foundation is also exempt from New York State and New York City income tax.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

Uncertain Tax Positions

Accounting principles generally accepted in the U.S. require management to evaluate uncertain tax positions taken by the Foundation. The financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken. The Foundation has recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Summarized Financial Information

The amounts shown for the year ended June 30, 2012, in the accompanying financial statements are summarized totals that were included to provide a basis for comparison with 2013. Accordingly, the 2012 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP.

New Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-04 (ASU 2011-04) *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements* in U.S. GAAP and IFRSs. ASU 2011-04 amended ASC 820, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition ASU 2011-04 requires additional fair value disclosures although certain of those new disclosures will not be required for non-public entities. The amendments are to be applied prospectively and are effective for annual period beginning after December 15, 2011. Effective July 1, 2012, the Foundation adopted ASU 2011-04. The adoption of ASU 2011-04 did not have an effect on the Foundation's financial statements or disclosures.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents in financial institutions. At June 30, 2013, cash and cash equivalents exceeded federally insured limits. Management regularly monitors the Foundation's cash balances with a view to minimizing its credit risk.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 2,844,750	\$ 2,844,750
Furniture and equipment	668,437	670,411
Computer software	45,316	42,316
Application design	96,750	62,000
Artwork	45,700	45,700
Total	<u>3,700,953</u>	<u>3,665,177</u>
<i>Less: Accumulated depreciation and amortization</i>	<u>1,392,924</u>	<u>1,161,353</u>
Total	2,308,229	2,503,824
Construction in progress	<u>859,823</u>	<u>859,823</u>
Property and equipment, net	<u><u>\$ 3,167,852</u></u>	<u><u>\$ 3,363,647</u></u>

Depreciation and amortization expense for the years ended June 30, 2013 and 2012 was \$252,045 and \$244,926, respectively.

NOTE 5 ENDOWMENT FUND

In 1986, the Board established a permanent endowment fund consisting of Board-designated and temporarily restricted net assets that specified that the capital of the endowment would be retained and invested, there would be no withdrawal of capital except upon approval of the Board, and the earnings from the endowment's investments may be used upon the Board's approval for the Foundation's operations.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 5 **ENDOWMENT FUND** (*continued*)

In 1992, the Board established an endowed scholarship fund that specified that the capital of the endowment would be retained and invested and the earnings from the endowment's investments would be used to provide four-year scholarships through the Foundation's programs.

In 1996, the Board established the Spike Lee Youth Motivation Achievement Award Fund and resolved that the fund would be used to support an annual cash award to a Foundation scholar with the most outstanding community service involvement.

In 2001, the Board agreed to segregate the commemorative coin surcharge income within the Board-designated permanent endowment fund.

Endowments as of June 30, 2013 and 2012 consisted of the following net asset balances:

	<u>2013</u>	<u>2012</u>
<i>Unrestricted</i>		
Permanent endowment fund	\$ 3,551,832	\$ 3,382,339
Commemorative coin fund	<u>2,695,021</u>	<u>2,447,368</u>
Total unrestricted	<u>\$ 6,246,853</u>	<u>\$ 5,829,707</u>
<i>Temporarily restricted</i>		
Endowed scholarship fund	\$ 4,469,395	\$ 4,333,590
Spike Lee Youth Motivation Achievement Award Fund	<u>59,222</u>	<u>56,562</u>
Total temporarily restricted	<u>4,528,617</u>	<u>4,390,152</u>
Total	<u>\$ 10,775,470</u>	<u>\$ 10,219,859</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 5 **ENDOWMENT FUND** *(continued)*

Changes in endowment fund net assets for the fiscal year ended June 30, 2013 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 5,829,707	\$ 4,390,152	\$ 10,219,859
Contributions	<u>-</u>	<u>2,710</u>	<u>2,710</u>
<i>Investment return</i>			
Investment income (net)	111,911	115,887	227,798
Net realized/unrealized gains	<u>305,235</u>	<u>169,868</u>	<u>475,103</u>
Total investment return	<u>417,146</u>	<u>285,755</u>	<u>702,901</u>
Appropriated for scholarship payments	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Endowment assets, end of year	<u>\$ 6,246,853</u>	<u>\$ 4,528,617</u>	<u>\$ 10,775,470</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include Board-designated funds that the Foundation must retain. Under this policy, as approved by the Board, the endowment assets are invested in a manner intended to maintain the level of programs and services currently provided while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a rate of return of approximately 4% in excess of the Consumer Price Index annually. Actual returns in any given year may vary from this percentage.

Strategies Employed for Achieving Objectives

To satisfy the long-term rate-of-return 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). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 5 **ENDOWMENT FUND** *(continued)*

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment fund is considered a permanent fund; therefore, the investment objectives require disciplined and consistent management philosophies to accommodate all relevant, reasonable, and probable events. Thus, total rate-of-return and spending rate objectives are reviewed periodically, consistent with the Foundation's objective to maintain the purchasing power of the current assets and all future contributions.

NOTE 6 **PLEDGES RECEIVABLE**

Pledges receivable consisted of amounts to be received as follows:

	June 30	
	2013	2012
Pledges receivable due less than 1 year	\$ 2,652,500	\$ 2,543,500
Pledges receivable due from 1-5 years	4,671,500	4,478,000
Pledges receivable after 5 years	<u>1,550,000</u>	<u>1,075,000</u>
	8,874,000	8,096,500
Fair value adjustment	(752,093)	(644,159)
Allowance for uncollectible accounts	<u>(81,501)</u>	<u>(156,501)</u>
Total pledges receivable, net	<u>\$ 8,040,406</u>	<u>\$ 7,295,840</u>

Amounts due in more than one year are adjusted to fair value using present value techniques that assume a discount rate of between 2% and 4% in 2013 and 2012, respectively.

The Foundation has a conditional grant totaling \$3,000,000, which contains donor conditions based on the completion of the museum and education center. Since the grant represents a conditional promise to give, it will not be recorded as contribution revenue until the donor conditions are met. As of June 30, 2013, \$1,250,000 of the conditions had been met; accordingly, contributions revenue was recorded in the years the conditions were met.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 7 INVESTMENTS

Investments held by the Foundation at June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<i>At fair value</i>		
U.S. Government obligations	\$ 1,231,944	\$ 1,863,409
Corporate stocks	1,778	1,778
Corporate bonds	842,498	954,973
Mutual funds	7,217,669	6,153,331
SPDR exchange-traded funds	95,288	124,152
Money market funds	<u>118,344</u>	<u>210,834</u>
Total investments	<u>\$ 9,507,521</u>	<u>\$ 9,308,477</u>

The following valuation methodologies were used for assets measured at fair value:

U.S. Government obligations, mutual funds, SPDR exchange traded funds, corporate bonds, corporate stocks and money market securities—Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, different methodologies or assumptions used to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 7 INVESTMENTS *(continued)*

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2013 and 2012, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2013 Total</u>
U.S. government obligations	\$ 1,231,944	\$ -	\$ -	\$ 1,231,944
Corporate stocks	-	1,778	-	1,778
Corporate bonds	-	842,498	-	842,498
<i>Mutual funds</i>				
U.S. equity	4,335,892	-	-	4,335,892
U.S. fixed income	1,249,703	-	-	1,249,703
Other	1,632,074	-	-	1,632,074
SPDR exchange-traded funds	95,288	-	-	95,288
Money market funds	118,344	-	-	118,344
	<u>\$ 8,663,245</u>	<u>\$ 844,276</u>	<u>\$ -</u>	<u>\$ 9,507,521</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2012 Total</u>
U.S. government obligations	\$ 1,863,409	\$ -	\$ -	\$ 1,863,409
Corporate stocks	-	1,778	-	1,778
Corporate bonds	-	954,973	-	954,973
<i>Mutual funds</i>				
U.S. equity	4,525,401	-	-	4,525,401
U.S. fixed income	1,276,931	-	-	1,276,931
Interest-bearing cash	265,353	-	-	265,353
Other	85,646	-	-	85,646
SPDR exchange-traded funds	124,152	-	-	124,152
Money market funds	210,834	-	-	210,834
	<u>\$ 8,351,726</u>	<u>\$ 956,751</u>	<u>\$ -</u>	<u>\$ 9,308,477</u>

The composition of investments at June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Operating	\$ 1,778	\$ 1,778
Endowment	<u>9,505,743</u>	<u>9,306,699</u>
Total investments	<u>\$ 9,507,521</u>	<u>\$ 9,308,477</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 7 INVESTMENTS *(continued)*

As discussed in Notes 8 and 9, the Foundation's investments provide collateral for the line of credit at June 30, 2013 and 2012, of \$4,699,008 and \$4,050,895, respectively, and a letter of credit at June 30, 2013 and 2012 of \$725,000.

NOTE 8 REVOLVING LOAN AND CREDIT LINE PAYABLE

The Foundation has a revolving line of credit with a bank under which the Foundation may borrow up to 50% of the agreed-upon collateral value of its investments portfolio at the bank's LIBOR rate plus 50 basis points, which was 0.693% and 1.25% at June 30, 2013 and 2012, respectively. The amounts outstanding under this line of credit at June 30, 2013 and 2012 were \$4,699,008, and \$4,050,895, respectively. Interest expense on the credit line payable was \$35,382 and \$35,836 for the years ended June 30, 2013 and 2012, respectively. The Foundation's investments provide collateral for this line of credit.

In September 2012, the Foundation opened a revolving line of credit with another bank to purchase computers under which the Foundation may borrow up to \$40,000. The amount outstanding under the line of credit at June 30, 2013 was \$20,964. Interest is accrued at a variable rate equal to the sum of the daily periodic rate, which was 0.04928% at June 30, 2013 plus a corresponding rate of 17.99%.

NOTE 9 COMMITMENTS

Lease

On February 20, 2007, the Foundation entered into a non-cancellable lease agreement for its administrative offices and to provide space for a museum and education center. The lease contains provisions for future rent increases and rent-free periods, during which times rent payments are abated. The period of this lease is from May 1, 2007, through April 30, 2027. The total amount of rental payments due over the lease period is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent obligation."

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 9 **COMMITMENTS** (*continued*)

Lease (*continued*)

On May 25, 2011, the landlord granted the Foundation a temporary restructuring of its lease obligation to defer partial payments in the amount of \$26,999 per month for the period July 1, 2011 through April 30, 2012 and \$30,162 per month for the period May 1, 2012 through June 30, 2012. The aggregate deferred rent of \$330,321 is to be repaid by the Foundation, in addition to all fixed rent and additional rent otherwise payable under the lease, over the balance of the term of the lease, on the first day of each month commencing on July 1, 2013 and ending on April 1, 2027, in equal installments of \$1,990.

On November 30, 2011, the Foundation entered into a license agreement with a construction corporation for a portion of the ground floor at 75 Varick St. to lease and to occupy approximately 1,500 rentable square feet for \$25,000 (\$10,000 at execution and \$2,500 per month, which commenced on December 1, 2011, through May 31, 2012).

At June 30, 2013, minimum lease rental payments under the non-cancellable operating lease for the rental of office and museum space are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 1,187,637
2015	1,187,637
2016	1,187,637
2017	1,201,177
2018	1,268,879
Thereafter	<u>11,722,348</u>
Total minimum lease payments	<u>\$ 17,755,315</u>

The lease agreement also provides for a security of \$725,000, which is evidenced by a letter of credit collateralized by the Foundation's investments. The security amount decreases periodically over a 15-year period to an amount of \$250,000.

Future minimum annual rental payments are subject to escalations for real estate taxes and certain maintenance costs.

During fiscal years 2013 and 2012, the Foundation's occupancy costs were \$1,421,203 and \$1,352,823, respectively, of which \$586,264 and \$546,144, respectively, related to museum development costs.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 9 **COMMITMENTS** (*continued*)

Scholarships

The Foundation intends to provide continuing support for recipients of scholarships who demonstrate satisfactory academic progress until completion of their four-year degree. As of June 30, 2013 and 2012, the Foundation estimates that the future aggregate commitment to recipients of \$3,325,200 and \$1,723,800, respectively.

NOTE 10 **RELATED-PARTY TRANSACTIONS**

The Foundation established an office in Los Angeles, California as a base for its West Coast operations. A Board member provided the office space as an in-kind contribution. The office space has a fair value of \$57,220 and \$40,000 for the years ended June 30, 2013 and 2012, respectively, which is accounted for as occupancy costs and contribution revenue in the accompanying financial statements.

NOTE 11 **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$19,711,952 and \$17,803,104 at June 30, 2013 and 2012, respectively, are available to support the museum, education, and leadership development program services.

The composition of temporarily restricted net assets at June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Museum	\$ 9,697,958	\$ 7,675,309
Scholarships	5,485,377	5,737,643
Endowed scholarships	<u>4,528,617</u>	<u>4,390,152</u>
Total temporarily restricted net assets	<u>\$ 19,711,952</u>	<u>\$ 17,803,104</u>

Net assets released from restriction based on the satisfaction of purpose and time restrictions were as follows:

	<u>2013</u>	<u>2012</u>
Scholarships	<u>\$ 2,697,499</u>	<u>\$ 2,400,400</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 12 RETIREMENT PLAN

In 1991, the Foundation established the Jackie Robinson Foundation Defined Contribution Retirement Plan and a Tax-Deferred Annuity Plan pursuant to Section 403(b) of the Code.

The retirement plan is a non-contributory, defined contribution plan covering all eligible employees working at least 1,000 hours per year who have completed one year of employment. The Foundation contributes an amount up to 6% of the participating employee's base salary. Additional amounts may be voluntarily contributed under a salary reduction agreement to the tax-deferred supplemental annuity plan.

During fiscal years 2013 and 2012, the Foundation's retirement plan expense was \$65,035 and \$89,669, respectively.

NOTE 13 FUNDRAISING EVENTS

Fundraising events in 2013 and 2012 were as follows:

	<u>Award Dinner</u>	<u>JR Birthday Event</u>	<u>Other</u>	<u>2013 Total</u>
Fund raising revenue	\$ 1,304,162	\$ 46,500	\$ 33,889	\$ 1,384,551
Less: Direct benefit to donor costs	<u>588,770</u>	<u>29,803</u>	<u>53,260</u>	<u>671,833</u>
Fundraising events, net	<u>\$ 715,392</u>	<u>\$ 16,697</u>	<u>\$ (19,371)</u>	<u>\$ 712,718</u>
	<u>Award Dinner</u>	<u>JR Birthday Event</u>	<u>Other</u>	<u>2012 Total</u>
Fund raising revenue	\$ 1,696,815	\$ 31,500	\$ 100	\$ 1,728,415
Less: Direct benefit to donor costs	<u>566,665</u>	<u>25,111</u>	<u>8,048</u>	<u>599,824</u>
Fundraising events, net	<u>\$ 1,130,150</u>	<u>\$ 6,389</u>	<u>\$ (7,948)</u>	<u>\$ 1,128,591</u>

NOTE 14 MUSEUM DEVELOPMENT COSTS

The Foundation is currently building the Jackie Robinson Museum to expand its outreach in continuing Jackie Robinson's legacy. During the years ended June 30, 2013 and 2012, the Foundation incurred \$586,264 and \$546,144, respectively, in occupancy cost for the space designated for the museum. Other costs incurred for the construction of the museum were capitalized as "construction in progress."

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2013

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 5, 2013, the date of the financial statements were approved and available for issuance or disclosure and recognition in the financial statements. Management has determined that no items require disclosure through to the aforementioned date.