

**JACKIE ROBINSON FOUNDATION, INC.**

**Financial Statements**

**For the Year Ended June 30, 2014**

**(With Summarized Financial Information for 2013)**

**With Report of Independent Auditors**

**JACKIE ROBINSON FOUNDATION, INC.**  
For the Year Ended June 30, 2014  
(With Summarized Financial Information for 2013)

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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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mitchell & Titus, LLP*

November 10, 2014

**JACKIE ROBINSON FOUNDATION, INC.**

Statement of Financial Position

As of June 30, 2014

(With Summarized Financial Information as of June 30, 2013)

	<b>2014</b>			<b>2013</b>
	<b>Operating</b>	<b>Endowment</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents (Note 3)	\$ 227,741	\$ -	\$ 227,741	\$ 277,510
Investments (Note 8)	1,778	10,691,981	10,693,759	9,507,521
Pledges receivable, net (Note 7)	7,716,171	38,290	7,754,461	8,040,406
Interfund (payable) receivable	(1,041,760)	1,041,760	-	-
Other receivables	19,833	11,220	31,053	119,476
Prepaid expenses	74,767	-	74,767	78,425
Inventory	66,634	-	66,634	41,501
Security deposits	39,321	-	39,321	14,321
Property and equipment, net (Note 4)	3,005,626	-	3,005,626	3,167,852
Intangible asset (Note 5)	8,416	-	8,416	-
<b>Total assets</b>	<b>\$ 10,118,527</b>	<b>\$ 11,783,251</b>	<b>\$ 21,901,778</b>	<b>\$ 21,247,012</b>
<b>LIABILITIES AND NET ASSETS</b>				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 487,280	\$ -	\$ 487,280	\$ 177,654
Deferred revenue	5,000	-	5,000	-
Revolving loan payable (Note 9)	-	-	-	20,964
Deferred rent obligation (Note 10)	1,586,648	-	1,586,648	1,606,932
Credit line payable (Note 9)	4,928,904	-	4,928,904	4,699,008
<b>Total liabilities</b>	<b>7,007,832</b>	<b>-</b>	<b>7,007,832</b>	<b>6,504,558</b>
Commitments (Note 10)				
<i>Net assets (deficit)</i>				
<i>Unrestricted</i>				
Board-designated endowment (Note 6)	-	7,030,416	7,030,416	6,246,853
Undesignated	(13,887,524)	-	(13,887,524)	(11,216,351)
Total unrestricted	(13,887,524)	7,030,416	(6,857,108)	(4,969,498)
<i>Temporarily restricted (Note 12)</i>	16,998,219	4,752,835	21,751,054	19,711,952
Total net assets	3,110,695	11,783,251	14,893,946	14,742,454
<b>Total liabilities and net assets</b>	<b>\$ 10,118,527</b>	<b>\$ 11,783,251</b>	<b>\$ 21,901,778</b>	<b>\$ 21,247,012</b>

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

**JACKIE ROBINSON FOUNDATION, INC.**

Statement of Activities

For the Year Ended June 30, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
<b>PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
<i>Public support</i>				
Fundraising events	\$ 1,474,131	\$ -	\$ 1,474,131	\$ 1,384,551
Less: Direct benefit to donor costs	499,887	-	499,887	533,917
Fundraising events, net (Note 14)	974,244	-	974,244	850,634
Contributions and grants	1,206,227	2,573,732	3,779,959	3,683,638
Legacy campaign	-	1,387,625	1,387,625	1,953,049
Endowment campaign	-	21,120	21,120	2,710
<i>Revenue</i>				
Investment income	137,634	150,789	288,423	227,839
Net realized and unrealized gain	643,987	282,311	926,298	475,103
Other income	2,034	-	2,034	1,254
	2,964,126	4,415,577	7,379,703	7,194,227
<i>Reclassifications</i>				
Net assets released from restriction				
Restrictions satisfied	2,376,475	(2,376,475)	-	-
Total public support, revenue and reclassifications	5,340,601	2,039,102	7,379,703	7,194,227
<b>EXPENSES</b>				
<i>Program services</i>				
Education and leadership development	3,693,845	-	3,693,845	3,514,812
Public information	537,500	-	537,500	614,870
Archives	238,095	-	238,095	236,982
Total programs services	4,469,440	-	4,469,440	4,366,664
<i>Supporting services</i>				
Management and general	649,350	-	649,350	647,503
Fundraising	1,521,141	-	1,521,141	1,652,007
Total supporting services	2,170,491	-	2,170,491	2,299,510
Total expenses before museum development costs and loss on disposal of property and equipment	6,639,931	-	6,639,931	6,666,174
Museum development costs (Note 15)	588,280	-	588,280	586,264
Loss on disposal of property and equipment	-	-	-	4,095
Total	7,228,211	-	7,228,211	7,256,533
Change in net assets (deficit)	(1,887,610)	2,039,102	151,492	(62,306)
Net assets (deficit), beginning of year	(4,969,498)	19,711,952	14,742,454	14,804,760
Net assets (deficit), end of year	\$ (6,857,108)	\$ 21,751,054	\$ 14,893,946	\$ 14,742,454

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets (deficit)	\$ 151,492	\$ (62,306)
<i>Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	254,843	252,045
Loss on the disposal of fixed assets	-	4,096
Debt finance interest	38,209	35,172
Bad debt	31,000	70,000
Net realized and unrealized gain on investment	(928,286)	(475,103)
<i>Change in operating assets and liabilities</i>		
Decrease (increase) in pledges receivable	254,945	(814,566)
Decrease (increase) in other receivables	88,423	(46,252)
Decrease (increase) in prepaid expenses	3,658	(33,088)
(Increase ) decrease in inventory	(25,133)	13,967
Increase in deferred revenue	5,000	-
(Decrease) increase in deferred rent obligation	(20,284)	3,595
Increase in accounts payable and accrued expenses	309,626	46,565
Net cash provided by (used in) operating activities	<u>163,493</u>	<u>(1,005,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	4,000,147	2,483,750
Purchases of investments	(4,258,099)	(2,207,690)
Purchases of property and equipment	(92,617)	(60,346)
Purchases of intangible asset	(8,416)	-
Security deposits (paid) released	(25,000)	30,000
Net cash (used) provided by in investing activities	<u>(383,985)</u>	<u>245,714</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	200,000	612,941
Repayment of line of credit	(8,313)	-
Proceeds from revolving loan	-	22,598
Repayment of revolving loan	(20,964)	(1,634)
Net cash provided by financing activities	<u>170,723</u>	<u>633,905</u>
Net decrease in cash and cash equivalents	(49,769)	(126,257)
Cash and cash equivalents, beginning of year	<u>277,510</u>	<u>403,767</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 227,741</u>	<u>\$ 277,510</u>
<b>SUPPLEMENTARY DISCLOSURE</b>		
Cash paid for interest	<u>\$ 30,090</u>	<u>\$ 36,545</u>

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

# JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2014

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## 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, 2014

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**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 restrictions that stipulate the principal be invested in perpetuity, but permit the Foundation to use all or part of the income earned on these assets for either specified or unspecified purposes. At June 30, 2014 and 2013, the Foundation did 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, 2014

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### 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 \$6,857,108 and \$4,969,498 as of June 30, 2014 and 2013, respectively. The increase in the unrestricted net deficit over the past four years is directly attributable to the economic downturn of 2009 and its short- and long-term impact on fundraising, primarily in the New York metropolitan area and the Jackie Robinson Museum's development costs which are being absorbed by the Foundation's unrestricted operation until construction can begin. The Foundation's leadership has identified and is committed to undertaking the following measures to address the unrestricted net deficit:

- Diversify revenue sources
- Create less dependency on net revenue from special events through solicitation of unrestricted support
- Enhance program funding options to both meet the needs of its constituents and encourage new donor engagements
- Strengthen fundraising efforts around the Jackie Robinson Museum's project
- Remain vigilant in managing support services costs

The leadership will solicit more, new prospects to generate sufficient annual unrestricted revenue to meet budgeted targets and begin to 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, 2014

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**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).

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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

Investments *(continued)*

The three levels are as follows:

- 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 material investment income pertains to operating investments. Investment management fees of \$44,882 and \$47,043 have been incurred for the years ended June 30, 2014 and 2013, respectively.

In-kind Contributions

In-kind contributions represent donated office space and merchandise 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 \$499,887 and \$533,917 for the years ended June 30, 2014 and 2013, respectively.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**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, 2014 and 2013.

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, 2014

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

Uncertain Tax Positions

U.S. GAAP requires 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, 2014, there are no uncertain tax 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 2011.

Summarized Financial Information

The amounts shown for the year ended June 30, 2013 in the accompanying financial statements are summarized totals that were included to provide a basis for comparison with 2014. Accordingly, the 2013 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP.

Reclassification of Prior Year's Totals

Certain prior-year comparative totals were reclassified to conform to current year's presentation.

New York State Nonprofit Revitalization Act

On December 18, 2013 the Governor of New York State signed into law the New York Non-Profit Revitalization Act of 2013, of which most provisions take effect July 1, 2014. The primary reforms of the New York Nonprofit Revitalization Act stipulates that non-profits corporations and charitable trust with 20 or more employees and annual revenue of over \$1 million must: adopt whistleblower and conflict of interest policies; ensure the board chair has not been an employee of the non-profit during the last three years; specify steps to review and declare any related party transactions; designate an audit committee to provide oversight of the audit function; and allow communication meetings using modern technology. Management does not expect the adoption of the New York State Non-Profit Revitalization Act of 2013 to have an effect on the Foundation's financial statements or disclosures and is currently evaluating the provisions of this new law to ensure compliance with its requirements.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**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, which may exceed 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, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 2,844,750	\$ 2,844,750
Furniture and equipment	672,774	668,437
Computer software	45,316	45,316
Application design	156,750	96,750
Artwork	<u>45,700</u>	<u>45,700</u>
Total	3,765,290	3,700,953
<i>Less: Accumulated depreciation and amortization</i>		
	<u>1,647,767</u>	<u>1,392,924</u>
Total	2,117,523	2,308,229
Construction in progress	<u>888,103</u>	<u>859,823</u>
<b>Property and equipment, net</b>	<u>\$ 3,005,626</u>	<u>\$ 3,167,852</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$254,843 and \$252,045, respectively.

**NOTE 5 INTANGIBLE ASSET**

In June 2014, the Foundation entered into an agreement to license the rights to use select photos developed and owned by another company. The purchase price paid for the license was \$8,416 in cash which represents its fair value. The amount has been recorded as an intangible asset in the accompanying statement of financial position and will be amortized over five years, the period of its estimated benefit. There was no amortization expense at June 30, 2014 due to the timing of the purchase. Amortization expense for each of the five succeeding fiscal years, from 2015 to 2019 will be \$1,683 annually.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 6      ENDOWMENT FUND**

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

In 1992, the Board established an endowed scholarship fund, whereby donors specified that the capital of their contribution on to the endowed scholarship fund would be retained and invested and the earnings from the 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. Contributions made to this 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.

The Board determined that its endowment use policy is consistent with NYPMIFA statute requirements.

Endowments as of June 30, 2014 and 2013 consisted of the following net asset balances:

	<u>2014</u>	<u>2013</u>
<i>Unrestricted</i>		
<i>Board designated</i>		
Permanent endowment fund	\$ 3,785,770	\$ 3,551,832
Commemorative coin fund	<u>3,244,646</u>	<u>2,695,021</u>
Total unrestricted	<u>\$ 7,030,416</u>	<u>\$ 6,246,853</u>
<i>Temporarily restricted</i>		
Endowed scholarship fund	\$ 4,690,015	\$ 4,469,395
Spike Lee Youth Motivation Achievement Award Fund	<u>62,820</u>	<u>59,222</u>
Total temporarily restricted	<u>4,752,835</u>	<u>4,528,617</u>
<b>Total</b>	<u>\$ 11,783,251</u>	<u>\$ 10,775,470</u>

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 6**     **ENDOWMENT FUND** *(continued)*

Changes in endowment fund net assets for the fiscal year ended June 30, 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$6,246,853	\$ 4,528,617	\$ 10,775,470
Contributions	<u>-</u>	<u>21,120</u>	<u>21,120</u>
<i>Investment return</i>			
Investment income (net)	137,618	150,788	288,406
Net realized/unrealized gains	<u>645,945</u>	<u>282,310</u>	<u>928,285</u>
Total investment return	<u>783,563</u>	<u>433,098</u>	<u>1,216,661</u>
Appropriated for scholarship payments	<u>-</u>	<u>(230,000)</u>	<u>(230,000)</u>
<b>Endowment assets, end of year</b>	<u><b>\$7,030,416</b></u>	<u><b>\$ 4,752,835</b></u>	<u><b>\$ 11,783,251</b></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, 2014

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**NOTE 6**      **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. There is no specific spending rate established by the Foundation.

**NOTE 7**      **PLEDGES RECEIVABLE**

Pledges receivable consisted of amounts to be received as follows:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Pledges receivable due less than 1 year	\$ 2,486,074	\$ 2,652,500
Pledges receivable due from 1-5 years	4,826,750	4,671,500
Pledges receivable after 5 years	<u>1,225,000</u>	<u>1,550,000</u>
	8,537,824	8,874,000
Fair value adjustment	(670,862)	(752,093)
Allowance for uncollectible accounts	<u>(112,501)</u>	<u>(81,501)</u>
<b>Total pledges receivable, net</b>	<b><u>\$ 7,754,461</u></b>	<b><u>\$ 8,040,406</u></b>

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 2014 and 2013, 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, 2014, and 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, 2014

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**NOTE 8 INVESTMENTS**

Investments held by the Foundation at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<i>At fair value</i>		
U.S. Government obligations	\$ 1,087,627	\$ 1,231,944
Corporate stocks	277,945	1,778
Corporate bonds	665,425	842,498
Mutual funds	8,376,712	7,217,669
SPDR exchange-traded funds	102,432	95,288
Money market funds	<u>183,618</u>	<u>118,344</u>
<b>Total investments</b>	<u>\$ 10,693,759</u>	<u>\$ 9,507,521</u>

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

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

*Corporate bonds and corporate stocks*—Valued based on information provided by an independent pricing service that uses information gathered from market sources and integrates relative infrequent information, market movements and sector news into an evaluated pricing application and model.

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, 2014

**NOTE 8 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, 2014 and 2013, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>2014</b> <u>Total</u>
U.S. Government obligations	\$ 1,087,627	\$ -	\$ -	\$ 1,087,627
Corporate stocks	276,167	1,778	-	277,945
Corporate bonds	-	665,425	-	665,425
<i>Mutual funds</i>				
U.S. equity	4,405,057	-	-	4,405,057
U.S. fixed income	2,319,402	-	-	2,319,402
Other	1,652,253	-	-	1,652,253
SPDR exchange-traded funds	102,432	-	-	102,432
Money market funds	183,618	-	-	183,618
	<u>\$ 10,026,556</u>	<u>\$ 667,203</u>	<u>\$ -</u>	<u>\$ 10,693,759</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>2013</b> <u>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>

Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. For the years ended June 30, 2014 and 2013, there were no transfers in or out of Level 1, 2 or 3.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 8 INVESTMENTS** *(continued)*

The composition of investments at June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Operating	\$ 1,778	\$ 1,778
Endowment	<u>10,691,981</u>	<u>9,505,743</u>
<b>Total investments</b>	<u>\$ 10,693,759</u>	<u>\$ 9,507,521</u>

As discussed in Notes 9 and 10, the Foundation's investments provide collateral for the line of credit at June 30, 2014 and 2013, of \$4,928,904 and \$4,699,008, respectively, and a letter of credit at June 30, 2014 and 2013 of \$725,000.

**NOTE 9 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 0.652% and 0.693% at June 30, 2014 and 2013, respectively. The amounts outstanding under this line of credit at June 30, 2014 and 2013 were \$4,928,904, and \$4,699,008, respectively. Interest expense on the credit line payable was \$33,669 and \$35,382 for the years ended June 30, 2014 and 2013, 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. On October 14, 2013, the Foundation paid off the outstanding balance on the revolving line of credit. The amount outstanding under the revolving line of credit at June 30, 2014 and 2013 was \$0 and \$20,964, respectively. Interest was accrued at a variable rate equal to the sum of the daily periodic rate of .04928%, plus a corresponding rate of 17.99% as of June 30, 2014 and 2013.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 10 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," and is reflected in the accompanying statement of financial position.

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.

At June 30, 2014, 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>
2015	\$ 1,187,637
2016	1,187,637
2017	1,201,177
2018	1,268,879
2019	1,268,879
Thereafter	<u>10,453,468</u>
<b>Total minimum lease payments</b>	<b><u>\$ 16,567,677</u></b>

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.

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 10 COMMITMENTS** *(continued)*

Lease *(continued)*

During fiscal years 2014 and 2013, the Foundation's occupancy costs were \$1,509,853 and \$1,421,203, respectively, of which \$588,280 and \$586,264, respectively, were related to museum development costs.

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, 2014 and 2013, the Foundation estimates that the future aggregate commitment to recipients of \$3,166,200 and \$3,325,200, respectively.

**NOTE 11 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 \$30,000 and \$57,220 for the years ended June 30, 2014 and 2013, respectively, which is accounted for as contribution revenue and occupancy costs in the accompanying financial statements.

**NOTE 12 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$21,751,054 and \$19,711,952 at June 30, 2014 and 2013, respectively, are available to support the museum, education, and leadership development program services.

The composition of temporarily restricted net assets at June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Museum	\$ 11,085,583	\$ 9,697,958
Scholarships	5,912,636	5,485,377
Endowed scholarships	<u>4,752,835</u>	<u>4,528,617</u>
<b>Total temporarily restricted net assets</b>	<u>\$ 21,751,054</u>	<u>\$ 19,711,952</u>

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

	<u>2014</u>	<u>2013</u>
Scholarships	<u>\$ 2,376,475</u>	<u>\$ 2,697,499</u>

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 13 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 IRC.

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 2014 and 2013, the Foundation's retirement plan expense was \$76,805 and \$65,035, respectively.

**NOTE 14 FUNDRAISING EVENTS**

Fundraising events in 2014 and 2013 were as follows:

	<u>Award Dinner</u>	<u>JR Birthday Event</u>	<u>Other</u>	<u>2014 Total</u>
Fund raising revenue	\$ 1,362,936	\$ 13,000	\$ 98,195	\$ 1,474,131
<i>Less: Direct benefit to donor costs</i>	<u>478,749</u>	<u>16,055</u>	<u>5,083</u>	<u>499,887</u>
<b>Fundraising events, net</b>	<u>\$ 884,187</u>	<u>\$ (3,055)</u>	<u>\$ 93,112</u>	<u>\$ 974,244</u>

	<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
<i>Less: Direct benefit to donor costs</i>	<u>497,471</u>	<u>20,529</u>	<u>15,917</u>	<u>533,917</u>
<b>Fundraising events, net</b>	<u>\$ 806,691</u>	<u>\$ 25,971</u>	<u>\$ 17,972</u>	<u>\$ 850,634</u>

**JACKIE ROBINSON FOUNDATION, INC.**

Notes to Financial Statements

June 30, 2014

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**NOTE 15 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, 2014 and 2013, the Foundation incurred \$588,280 and \$586,264, 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," and are reflected within property and equipment in the accompanying statement of financial position.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through November 10, 2014, the date 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.