

JACKIE ROBINSON FOUNDATION, INC.

**Financial Statements
For the Year Ended June 30, 2016
(With Summarized Financial Information for 2015)
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JACKIE ROBINSON FOUNDATION, INC.
For the Year Ended June 30, 2016
(With Summarized Financial Information for 2015)

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INDEPENDENT AUDITOR'S REPORT

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, 2016, and 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 accounting principles generally accepted in the United States of America; 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 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.

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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. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell Titus, LLP

November 11, 2016

JACKIE ROBINSON FOUNDATION, INC.

Statement of Financial Position

As of June 30, 2016

(With Summarized Financial Information as of June 30, 2015)

	2016			2015
	Operating	Endowment	Total	Total
ASSETS				
Cash and cash equivalents (Note 2)	\$ 430,539	\$ -	\$ 430,539	\$ 232,172
Investments (Note 8)	1,778	8,921,512	8,923,290	9,633,908
Pledges receivable, net (Note 7)	10,259,982	-	10,259,982	8,900,677
Interfund (payable) receivable	(2,193,846)	2,193,846	-	-
Other receivables	60,337	10,776	71,113	143,465
Prepaid expenses	82,952	-	82,952	45,996
Inventory	42,842	-	42,842	46,151
Security deposits	14,320	-	14,320	64,321
Property and equipment, net (Note 4)	2,735,849	-	2,735,849	2,890,232
Intangible asset (Note 5)	5,050	-	5,050	6,733
Total assets	\$ 11,439,803	\$ 11,126,134	\$ 22,565,937	\$ 21,963,655
LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 514,509	\$ -	\$ 514,509	\$ 215,356
Deferred revenue	25,000	-	25,000	15,000
Deferred rent obligation (Note 10)	1,546,081	-	1,546,081	1,566,365
Credit line payable (Note 9)	4,947,747	-	4,947,747	4,932,226
Total liabilities	7,033,337	-	7,033,337	6,728,947
Commitments (Note 10)				
<i>Net assets (deficit)</i>				
<i>Unrestricted</i>				
Board-designated endowment (Note 6)	-	7,020,411	7,020,411	7,012,133
Undesignated	(18,564,141)	-	(18,564,141)	(16,085,809)
Total unrestricted	(18,564,141)	7,020,411	(11,543,730)	(9,073,676)
<i>Temporarily restricted (Note 12)</i>	22,970,607	4,105,723	27,076,330	24,308,384
Total net assets	4,406,466	11,126,134	15,532,600	15,234,708
Total liabilities and net assets	\$ 11,439,803	\$ 11,126,134	\$ 22,565,937	\$ 21,963,655

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

JACKIE ROBINSON FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2016

(With Summarized Financial Information for the Year Ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS				
<i>Public support</i>				
Fundraising events	\$ 1,164,893	\$ -	\$ 1,164,893	\$ 1,324,578
Less: Direct benefit to donor costs	615,415	-	615,415	552,863
Fundraising events, net (Note 14)	549,478	-	549,478	771,715
Contributions and grants	2,202,087	4,741,380	6,943,467	5,489,489
Legacy campaign	-	1,153,285	1,153,285	2,087,845
Endowment campaign	-	-	-	1,710
<i>Revenue</i>				
Investment income, net	118,887	140,676	259,563	229,562
Net realized and unrealized (loss)/gain	(117,071)	(200,470)	(317,541)	(427,161)
Other income	80	-	80	54,597
	2,753,461	5,834,871	8,588,332	8,207,757
<i>Reclassifications</i>				
Net assets released from restriction	3,066,925	(3,066,925)	-	-
Total public support, revenue and reclassifications	5,820,386	2,767,946	8,588,332	8,207,757
EXPENSES				
<i>Program services</i>				
Mentoring and leadership development	4,434,428	-	4,434,428	4,177,724
Public information	729,627	-	729,627	673,496
Archives	218,494	-	218,494	244,263
Total program services	5,382,549	-	5,382,549	5,095,483
<i>Supporting services</i>				
Management and general	685,980	-	685,980	682,051
Fundraising	1,554,029	-	1,554,029	1,453,875
Total supporting services	2,240,009	-	2,240,009	2,135,926
Total expenses before museum development costs	7,622,558	-	7,622,558	7,231,409
Museum development costs (Notes 10 and 15)	667,882	-	667,882	635,586
Total	8,290,440	-	8,290,440	7,866,995
Change in net assets (deficit)	(2,470,054)	2,767,946	297,892	340,762
Net assets (deficit), beginning of year	(9,073,676)	24,308,384	15,234,708	14,893,946
Net assets (deficit), end of year	\$ (11,543,730)	\$ 27,076,330	\$ 15,532,600	\$ 15,234,708

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 297,892	\$ 340,762
<i>Adjustments to reconcile change in net assets to net cash used in operating activities</i>		
Depreciation and amortization	290,512	245,139
Debt finance interest	15,521	3,322
Bad debt	95,125	91,625
Net realized and unrealized loss	317,541	427,161
Donated securities	(137,987)	(283,641)
<i>Change in operating assets and liabilities</i>		
Increase in pledges receivable	(1,454,430)	(1,237,841)
Decrease (increase) in other receivables	72,352	(112,412)
(Increase) decrease in prepaid expenses	(36,956)	28,771
Decrease in inventory	3,309	16,668
Increase in deferred revenue	10,000	10,000
Decrease in deferred rent obligation	(20,284)	(20,283)
Increase (decrease) in accounts payable and accrued expenses	299,153	(271,924)
Net cash used in operating activities	<u>(248,252)</u>	<u>(762,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,592,986	4,096,881
Purchases of investments	(2,061,922)	(3,176,735)
Purchases of property and equipment	(134,446)	(128,062)
Security deposits	50,001	(25,000)
Net cash provided by investing activities	<u>446,619</u>	<u>767,084</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	28,480	33,621
Repayment of line of credit	(28,480)	(33,621)
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	198,367	4,431
Cash and cash equivalents, beginning of year	232,172	227,741
Cash and cash equivalents, end of year	<u>\$ 430,539</u>	<u>\$ 232,172</u>
SUPPLEMENTARY DISCLOSURE		
Cash paid for interest	<u>\$ 37,563</u>	<u>\$ 33,170</u>

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

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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 accounting principles generally accepted in the U.S.A. (GAAP). 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 net assets classes 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

For the Year Ended June 30, 2016

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, 2016 and 2015, the Foundation did not have any permanently restricted net assets.

Unrestricted Net Deficit

As reflected in the financial statements in the past few years, the Foundation has experienced losses from operations, which have added to the cumulative unrestricted net deficit of \$11,543,730 and \$9,073,676 as of June 30, 2016 and 2015, respectively. The increase in the unrestricted net deficit over the past five years is attributable directly 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 Foundation's leadership will continue to solicit more, new prospects to generate sufficient annual unrestricted revenue to meet budgeted targets and begin to reduce the unrestricted net deficit.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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

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.

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 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.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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

Investments *(continued)*

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 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 of investments 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:

- 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 \$46,627 and \$52,671 have been incurred for the years ended June 30, 2016 and 2015, respectively and are netted against investment income as reflected in the accompanying Statement of Activities.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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

Fundraising Events

Fundraising events revenue is net of direct benefit to donor costs, consisting of meals, entertainment, and other costs totaling \$615,415 and \$552,863 for the years ended June 30, 2016 and 2015, respectively.

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 begins on construction in progress once assets are placed 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, 2016 and 2015.

Inventory

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

Functional Allocation of Expenses

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

For the Year Ended June 30, 2016

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, 2016, 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 2013.

Summarized Financial Information

The amounts shown for the year ended June 30, 2015 in the accompanying financial statements are summarized totals that were included to provide a basis for comparison with 2016. Accordingly, the 2015 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP.

In-kind Contributions

In-kind contributions represent donated office space, professional services advertising, and merchandise reflected in the financial statements at the estimated fair value at the time of donation.

Interpretation of Relevant Law

The New York State Nonprofit Revitalization Act (the Act) went into effect July 1, 2015. The Act was the first meaningful revision of the New York State Not-for-Profit Corporation law in over 40 years. Many of the changes in the Act reflect policies that have been recognized as best practices in the nonprofit sector. The Act contains updated corporate governance procedures, related-party transaction/conflict of interest procedures and fiscal policies. The Foundation has evaluated the effect of the Act and has updated its Conflict of Interest and Whistle-blower policies and has reconstituted its Audit Committee in order to comply with the requirements of the Act.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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.

During fiscal 2016 and 2015, seven donors, respectively, contributed \$5,049,995 and \$2,898,535, respectively. This represents 63.2% and 52.8% of fiscal 2016 and 2015 contribution revenue, respectively. During fiscal 2016 and 2015, one and two donors, respectively, contributed 86.7% and 95.8%, respectively, toward the Foundation's Legacy Campaign.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 2,844,750	\$ 2,844,750
Furniture and equipment	751,635	721,636
Computer software	48,963	45,316
Application design	336,750	235,950
Artwork	<u>45,700</u>	<u>45,700</u>
Total	4,027,798	3,893,352
Less: Accumulated depreciation and amortization	<u>2,180,052</u>	<u>1,891,223</u>
Total	1,847,746	2,002,129
Construction in progress	<u>888,103</u>	<u>888,103</u>
Property and equipment, net	<u>\$ 2,735,849</u>	<u>\$ 2,890,232</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$288,829 and \$243,456, respectively. Estimated amortization expense related to application design for fiscal year 2017 through 2020 will be \$54,950, \$48,000, \$36,000 and \$20,160, 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 is being amortized over five years, the period of its estimated benefit. Amortization expense at June 30, 2016 and 2015 was \$1,683 for both years. Estimated amortization for the next three years will be \$1,683 per year.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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 for 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 are donor-restricted and would be used for the purpose of supporting 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 New York Prudent Management of Institutional Funds Act (NYPMIFA) statute requirements.

Endowments as of June 30, 2016 and 2015 consisted of the following net asset balances:

	<u>2016</u>	<u>2015</u>
<i>Unrestricted</i>		
<i>Board-designated</i>		
Permanent endowment fund	\$ 4,063,279	\$ 3,824,499
Commemorative coin fund	<u>2,957,132</u>	<u>3,187,634</u>
Total unrestricted	<u>\$ 7,020,411</u>	<u>\$ 7,012,133</u>
<i>Temporarily restricted</i>		
Endowed scholarship fund	\$ 4,046,626	\$ 4,320,050
Spike Lee Youth Motivation Achievement Award Fund	<u>59,097</u>	<u>60,467</u>
Total temporarily restricted	<u>4,105,723</u>	<u>4,380,517</u>
Total	<u>\$ 11,126,134</u>	<u>\$ 11,392,650</u>

JACKIE ROBINSON FOUNDATION, INC.
Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 6 ENDOWMENT FUND *(continued)*

Changes in endowment fund net assets for the fiscal years ended June 30, 2016 and 2015, respectively, were as follows:

	2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 7,012,133	\$ 4,380,517	\$ 11,392,650
<i>Investment return</i>			
Investment income (net)	118,794	140,676	259,470
Net realized/unrealized losses	<u>(110,516)</u>	<u>(200,470)</u>	<u>(310,986)</u>
Total investment return	<u>8,278</u>	<u>(59,794)</u>	<u>(51,516)</u>
Appropriated for scholarship payments	215,000	(215,000)	-
Scholarship payments made	<u>(215,000)</u>	<u>-</u>	<u>(215,000)</u>
Endowment assets, end of year	<u>\$ 7,020,411</u>	<u>\$ 4,105,723</u>	<u>\$ 11,126,134</u>
	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 7,030,416	\$ 4,752,835	\$ 11,783,251
Contributions	-	1,710	1,710
<i>Investment return</i>			
Investment income (net)	116,817	112,270	229,087
Net realized/unrealized losses	<u>(135,100)</u>	<u>(288,246)</u>	<u>(423,346)</u>
Total investment return	<u>(18,283)</u>	<u>(175,976)</u>	<u>(194,259)</u>
Appropriated for scholarship payments	198,052	(198,052)	-
Scholarship payments made	<u>(198,052)</u>	<u>-</u>	<u>(198,052)</u>
Endowment assets, end of year	<u>\$ 7,012,133</u>	<u>\$ 4,380,517</u>	<u>\$ 11,392,650</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

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

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, NET**

Pledges receivable consisted of amounts to be received as follows:

	<u>June 30</u>	
	<u>2016</u>	<u>2015</u>
Pledges receivable due less than 1 year	\$ 4,170,967	\$ 3,331,924
Pledges receivable due from 1-5 years	6,312,500	5,489,000
Pledges receivable after 5 years	<u>575,000</u>	<u>900,000</u>
	11,058,467	9,720,924
Fair value adjustment	(531,735)	(616,121)
Allowance for uncollectible accounts	<u>(266,750)</u>	<u>(204,126)</u>
Total pledges receivable, net	<u>\$ 10,259,982</u>	<u>\$ 8,900,677</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

NOTE 7 PLEDGES RECEIVABLE, NET *(continued)*

Amounts due in more than one year are adjusted to fair value using present value techniques that assume a discount rate of between 3% and 2% in 2016 and 2015, 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, 2016 and 2015, \$1,250,000 of the conditions had been met due to the completion of the education center; accordingly, contributions revenue was recorded in the years the conditions were met. The remaining \$1,750,000 will be recognized upon completion of the museum based on provisions specified in the grant agreement.

NOTE 8 INVESTMENTS

Investments held by the Foundation at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<i>At fair value</i>		
U.S. Government obligations	\$ 950,458	\$ 873,252
Corporate stocks	1,778	1,778
Corporate bonds	659,325	646,461
Mutual funds	7,111,276	7,927,560
SPDR exchange-traded funds	101,176	89,896
Money market funds	<u>99,277</u>	<u>94,961</u>
Total investments	<u>\$ 8,923,290</u>	<u>\$ 9,633,908</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 funds—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
For the Year Ended June 30, 2016

NOTE 8 INVESTMENTS *(continued)*

The following tables set forth, by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2016 and 2015, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2016 Total</u>
Interest-bearing cash	\$ 5,387	\$ -	\$ -	\$ 5,387
U.S. Government obligations	950,458	-	-	950,458
Corporate stocks	-	1,778	-	1,778
Corporate bonds	-	659,325	-	659,325
<i>Mutual funds</i>				
U.S. equity	3,656,306	-	-	3,656,306
U.S. fixed income	2,485,078	-	-	2,485,078
Other	969,892	-	-	969,892
SPDR exchange-traded funds	101,176	-	-	101,176
Money market funds	99,277	-	-	99,277
	<u>\$ 8,267,574</u>	<u>\$ 661,103</u>	<u>\$ -</u>	<u>\$ 8,928,677</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2015 Total</u>
Interest-bearing cash	\$ 20,384	\$ -	\$ -	\$ 20,384
U.S. Government obligations	873,252	-	-	873,252
Corporate stocks	-	1,778	-	1,778
Corporate bonds	-	646,461	-	646,461
<i>Mutual funds</i>				
U.S. equity	4,287,036	-	-	4,287,036
U.S. fixed income	1,858,104	-	-	1,858,104
Other	1,782,420	-	-	1,782,420
SPDR exchange-traded funds	89,896	-	-	89,896
Money market funds	94,961	-	-	94,961
	<u>\$ 9,006,053</u>	<u>\$ 648,239</u>	<u>\$ -</u>	<u>\$ 9,654,292</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, 2016 and 2015, there were no transfers in or out of Level 1, 2 or 3.

The composition of investments at June 30, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Operating	\$ 1,778	\$ 1,778
Endowment	<u>8,921,512</u>	<u>9,632,130</u>
Total investments	<u>\$ 8,923,290</u>	<u>\$ 9,633,908</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

NOTE 8 INVESTMENTS *(continued)*

As discussed in Notes 9 and 10, the Foundation's investments provide collateral for the line of credit at June 30, 2016 and 2015 of \$4,947,747 and \$4,932,226, respectively, and a letter of credit at June 30, 2016 and 2015 of \$483,000.

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 0.949% and 0.687% at June 30, 2016 and 2015, respectively. The amounts outstanding under this line of credit at June 30, 2016 and 2015 were \$4,947,747, and \$4,932,226, respectively. Interest expense on the credit line payable was \$41,493 and \$33,302 for the years ended June 30, 2016 and 2015, respectively. The Foundation's investments provide collateral for this line of credit.

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.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements
For the Year Ended June 30, 2016

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

At June 30, 2016, 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>
2017	\$ 1,201,177
2018	1,268,879
2019	1,268,879
2020	1,268,879
2021	1,268,879
Thereafter	<u>7,915,710</u>
Total minimum lease payments	<u>\$ 14,192,403</u>

The lease agreement also provides for a security of \$483,000, 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 2016 and 2015, the Foundation's occupancy costs were \$1,591,585 and \$1,590,017, respectively, of which \$667,882 and \$635,586, 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, 2016 and 2015, the Foundation estimates that the future aggregate commitment to recipients of \$3,215,800 and \$3,383,400, 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 \$20,000 and \$40,000 for the years ended June 30, 2016 and 2015, respectively, which is accounted for as contribution revenue and occupancy costs in the accompanying statement of activities.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements
For the Year Ended June 30, 2016

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$27,076,330 and \$24,308,384 at June 30, 2016 and 2015, respectively, are available to support the museum, education, and leadership development program services.

The composition of temporarily restricted net assets at June 30, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Museum	\$ 14,326,713	\$ 13,173,428
Scholarships	8,643,894	6,754,439
Endowed scholarships	<u>4,105,723</u>	<u>4,380,517</u>
Total temporarily restricted net assets	<u>\$ 27,076,330</u>	<u>\$ 24,308,384</u>

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

	<u>2016</u>	<u>2015</u>
Scholarships	<u>\$ 3,066,925</u>	<u>\$ 2,675,652</u>

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 2016 and 2015, the Foundation's retirement plan expense was \$80,062 and \$82,334, respectively.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

NOTE 14 FUNDRAISING EVENTS

Fundraising events in for the years ended June 30, 2016 and 2015, respectively were as follows:

	<u>Award Dinner</u>	<u>JR Birthday Event</u>	<u>Other</u>	<u>2016 Total</u>
Fundraising revenue	\$ 1,105,393	\$ 59,500	\$ -	\$ 1,164,893
Less: Direct benefit to donor costs	<u>561,065</u>	<u>36,954</u>	<u>17,396</u>	<u>615,415</u>
Fundraising events, net	<u>\$ 544,328</u>	<u>\$ 22,546</u>	<u>\$ (17,396)</u>	<u>\$ 549,478</u>

	<u>Award Dinner</u>	<u>JR Birthday Event</u>	<u>Other</u>	<u>2015 Total</u>
Fundraising revenue	\$ 1,281,578	\$ 43,000	\$ -	\$ 1,324,578
Less: Direct benefit to donor costs	<u>536,290</u>	<u>16,573</u>	<u>-</u>	<u>552,863</u>
Fundraising events, net	<u>\$ 745,288</u>	<u>\$ 26,427</u>	<u>\$ -</u>	<u>\$ 771,715</u>

The Foundation received in kind merchandise for its fundraising event which was a direct benefit to donors with a fair value of \$34,993 and \$24,363 in 2016 and 2015, respectively. These amounts have been reflected in fund raising revenue and direct benefit to donor costs in the accompanying statement of activities.

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, 2016 and 2015, the Foundation incurred \$667,882 and \$635,586, respectively, in occupancy costs 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 IN-KIND CONTRIBUTIONS

The organization recognizes in-kind contributions for certain legal services, at the fair value of such services. Recognized services were provided by one legal professional as follows:

	<u>2016</u>	<u>2015</u>
<i>Professional and consultant fees</i>		
Program services	\$ 33,000	\$ 26,400
Supporting services	<u>27,000</u>	<u>21,600</u>
Total	<u>\$ 60,000</u>	<u>\$ 48,000</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

NOTE 16 IN-KIND CONTRIBUTIONS *(continued)*

The organization also recognized in-kind contributions for office space, at the fair value of such space for the years ended June 30, 2016 and 2015 at \$20,000 and \$40,000, respectively.

	<u>2016</u>	<u>2015</u>
<i>Occupancy</i>		
Program services	\$ 10,000	\$ 20,000
Supporting services	<u>10,000</u>	<u>20,000</u>
Total	<u>\$ 20,000</u>	<u>\$ 40,000</u>

The organization also received merchandise for program services with a fair value of \$24,995 and \$13,535 for the years ended June 30, 2016 and 2015, respectively, which were recognized as contribution revenue.

	<u>2016</u>	<u>2015</u>
Program services-supplies	\$ 24,995	\$ 6,428
Inventory	<u>-</u>	<u>7,107</u>
Total	<u>\$ 24,995</u>	<u>\$ 13,535</u>

In addition, the organization also recognized in-kind contributions for promotion and advertising for the years ended June 30, 2016 and 2015 at the fair value of \$60,791 and \$53,893, respectively, program services.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 11, 2016, 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.

