

THE PRESIDENTIAL PRECINCT

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017**

THE PRESIDENTIAL PRECINCT

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HANTZMON WIEBEL LLP

C e r t i f i e d P u b l i c A c c o u n t a n t s

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The Presidential Precinct

We have audited the accompanying financial statements of THE PRESIDENTIAL PRECINCT (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 accordance 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Members

American Institute of Certified Public Accountants • Virginia Society of Certified Public Accountants • Private Companies Practice Section of AICPA

To the Board of Directors
The Presidential Precinct

REPORT OF INDEPENDENT AUDITORS--(Cont'd)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE PRESIDENTIAL PRECINCT as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HanTymon Weibel LLP

Charlottesville, Virginia
November 10, 2017

THE PRESIDENTIAL PRECINCT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$483,865
Accounts receivable	1,311
Other current assets	678
	<u>485,854</u>
Total current assets	<u>485,854</u>

PROPERTY AND EQUIPMENT

Office equipment and furniture	7,402
Less: Accumulated depreciation	2,757
	<u>4,645</u>
Net property and equipment	<u>4,645</u>

TOTAL ASSETS	<u>\$490,499</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 39,574
	<u>39,574</u>
Total current liabilities	<u>39,574</u>

NET ASSETS

Unrestricted	450,925
	<u>450,925</u>
Total net assets	<u>450,925</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$490,499</u>
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(The accompanying notes are an integral part of this financial statement)

THE PRESIDENTIAL PRECINCT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Contributions	\$ 709,500	\$ 315,023	\$1,024,523
Contributed services, support, and facilities	138,070	....	138,070
Interest income	115	....	115
Assets released from restrictions	357,736	(357,736)	....
Total revenues	<u>1,205,421</u>	<u>(42,713)</u>	<u>1,162,708</u>
EXPENSES			
Program services	642,734	....	642,734
General and administrative	113,824	....	113,824
Fund-raising	130,356	....	130,356
Total expenses	<u>886,914</u>	<u>....</u>	<u>886,914</u>
CHANGE IN NET ASSETS	318,507	(42,713)	275,794
NET ASSETS, BEGINNING OF YEAR	<u>132,418</u>	<u>42,713</u>	<u>175,131</u>
NET ASSETS, END OF YEAR	<u><u>\$ 450,925</u></u>	<u><u>\$</u></u>	<u><u>\$ 450,925</u></u>

(The accompanying notes are an integral part of this financial statement)

THE PRESIDENTIAL PRECINCT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 275,794
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	1,369
(Increase) decrease in operating assets:	
Accounts receivable	4,470
Other current assets	(333)
Increase in operating liabilities:	
Accounts payable and accrued expenses	29,252
	<u>310,552</u>
Net cash provided by operating activities	<u>310,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(3,339)</u>
Net cash used in investing activities	<u>(3,339)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	307,213
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>176,652</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 483,865</u></u>

(The accompanying notes are an integral part of this financial statement)

THE PRESIDENTIAL PRECINCT

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

The Presidential Precinct (The Precinct) is a non-stock corporation formed under the laws of Virginia. The Precinct empowers the next generation of global leaders through a collaboration with some of the brightest minds and most historic resources in the United States. The Precinct is a unique partnership that includes the University of Virginia and the College of William and Mary, Monticello, Montpelier, Highland, and Morven. By combining the academic resources of the universities with the rich history of the presidential homes, the Precinct is able to lead programs that encourage young leaders to exchange ideas, seek expert advice, learn from world history, and solve the most pressing challenges in their communities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Precinct's financial statements are prepared in accordance with the guidance established under U. S. generally accepted accounting principles (GAAP) for non-profit organizations.

The Precinct reports amounts for total assets, liabilities, and net assets in a statement of financial position, changes in net assets in a statement of activities, and changes in cash and cash equivalents in a statement of cash flows. The Precinct classifies net assets in three classes: unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets include funds resulting from contributions and other inflows of assets whose use is not restricted by the donor.

Temporarily restricted net assets include funds resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by the actions of the organization. The Precinct has no temporarily restricted net assets as of June 30, 2017.

Permanently restricted net assets include funds resulting from contributions or other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled by the actions of the organization. Income from these funds is used according to the terms stipulated by the donor. The Precinct has no permanently restricted net assets as of June 30, 2017.

When a stipulated purpose restriction is satisfied or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

THE PRESIDENTIAL PRECINCT

NOTES TO FINANCIAL STATEMENTS--(Cont'd)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Financial Statement Presentation--(Cont'd)

The Precinct reports gifts of land, buildings, and equipment as unrestricted support, unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Precinct reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Precinct includes all liquid investments with a maturity of three months or less as cash equivalents. The Precinct maintains operating funds in a federally-insured bank. However, the funds held in the account exceed federally-insured limits and are subject to credit risk.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Property and Equipment

Property and equipment includes the cost of office equipment and furniture. The Precinct capitalizes property and equipment expenses over \$500. The Precinct depreciates property and equipment over their estimated useful life of five years using the straight-line method. Depreciation expense for the year ended June 30, 2017 was \$1,369.

Income Taxes

The Precinct is exempt under the Internal Revenue Code Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia.

Functional Expenses

Expenses are allocated to program services, general and administrative, and fund-raising based on an allocation of staff time. Directly identifiable expenses are charged to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Precinct.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates include the functional allocation of expense and the useful lives of property and equipment. Actual results could vary from the estimates that were used.

THE PRESIDENTIAL PRECINCT

NOTES TO FINANCIAL STATEMENTS--(Cont'd)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--(Cont'd)

Uncertain Tax Positions

The Precinct has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the Financial Accounting Standards Board (FASB) and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Precinct.

Subsequent Events

Management has evaluated subsequent events through November 10, 2017, which is the date the financial statements were available to be issued.

CONDITIONAL PROMISES TO GIVE

Conditional promises to give that depend on the occurrence of a specified future and uncertain event that binds the promisor are not recorded by the Precinct until the specified condition is substantially met. At June 30, 2017, there were no conditional promises to give held at the Precinct.

CONCENTRATIONS

During the year ended June 30, 2017, the Precinct received contributions from two donors representing approximately 63% of total contributions.

OPERATING LEASES

The Precinct is obligated under various non-cancellable operating leases for office and parking space, which have varying terms. Lease expense under these agreements approximated \$12,800 for the year ended June 30, 2017.

Approximate minimum future operating lease rental payments are as follows:

June 30, 2018.....	\$ 6,300
June 30, 2019.....	<u>900</u>
Total.....	<u>\$ 7,200</u>

IRA CONTRIBUTIONS

The Precinct has opted to match employee contributions to an Individual Retirement Account (IRA). The Precinct limits the maximum matching contributions to 3% of the employee's salary. Employer contributions to the IRA accounts were \$5,125 for the year ended June 30, 2017.

THE PRESIDENTIAL PRECINCT

NOTES TO FINANCIAL STATEMENTS--(Cont'd)

CONTRIBUTED SERVICES, SUPPORT, AND FACILITIES

The Precinct, in partnering with educational institutions and historical sites, received contributed support in the form of waived honoraria fees, volunteer time, and donated facilities. This contributed support and facilities totaled \$29,222 for the year ended June 30, 2017.

The Precinct received contributed support from board members totaling \$18,848 for the year ended June 30, 2017.

An information technology company contributed access to an on-line networking and collaboration service to be used by the Precinct and program graduates. This contributed service totaled \$90,000 for the year ended June 30, 2017.