

Benedictine Educational Foundation

Financial Statements

June 30, 2017 and 2016



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BENEDICTINE EDUCATIONAL FOUNDATION

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Benedictine Educational Foundation
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Benedictine Educational Foundation (the "Foundation"), an affiliate of Benedictine Society of Virginia and Benedictine High School, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benedictine Educational Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "Keiter", with a long, sweeping horizontal stroke extending to the right.

October 26, 2017
Glen Allen, Virginia

BENEDICTINE EDUCATIONAL FOUNDATION

Statements of Financial Position June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 1,460,165	\$ 986,347
Pledges receivable - net, current	677,691	672,508
Due from related party, net	22,424	-
Prepaid expenses	<u>2,083</u>	<u>2,107</u>
Total current assets	2,162,363	1,660,962
Investments	3,234,784	2,886,396
Pledges receivable - net, long-term	<u>340,616</u>	<u>584,591</u>
Total assets	<u>\$ 5,737,763</u>	<u>\$ 5,131,949</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 5,580	\$ 3,612
Due to related party	<u>-</u>	<u>102,469</u>
Total current liabilities	<u>5,580</u>	<u>106,081</u>
Net assets (deficit):		
Unrestricted	(227,842)	(72,232)
Temporarily restricted	3,022,961	2,205,556
Permanently restricted	<u>2,937,064</u>	<u>2,892,544</u>
Total net assets	<u>5,732,183</u>	<u>5,025,868</u>
Total liabilities and net assets	<u>\$ 5,737,763</u>	<u>\$ 5,131,949</u>

See accompanying notes to financial statements.

BENEDICTINE EDUCATIONAL FOUNDATION

Statement of Activities
Year Ended June 30, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue, gains, and support:				
Contributions and donations	\$ 330,844	\$ 936,763	\$ 44,520	\$ 1,312,127
Investment income	51,114	41,113	-	92,227
Net realized and unrealized gains on investments	13,494	278,861	-	292,355
Other income	<u>111,544</u>	<u>-</u>	<u>-</u>	<u>111,544</u>
 Total revenue, gains, and support	<u>506,996</u>	<u>1,256,737</u>	<u>44,520</u>	<u>1,808,253</u>
 Net assets released from restrictions	<u>439,332</u>	<u>(439,332)</u>	<u>-</u>	<u>-</u>
 Expenses:				
Program services	934,948	-	-	934,948
General and administrative	58,857	-	-	58,857
Fundraising	<u>108,133</u>	<u>-</u>	<u>-</u>	<u>108,133</u>
 Total expenses	1,101,938	-	-	1,101,938
 Change in net assets	(155,610)	817,405	44,520	706,315
 Net assets (deficit), beginning of year	<u>(72,232)</u>	<u>2,205,556</u>	<u>2,892,544</u>	<u>5,025,868</u>
 Net assets (deficit), end of year	<u>\$ (227,842)</u>	<u>\$ 3,022,961</u>	<u>\$ 2,937,064</u>	<u>\$ 5,732,183</u>

See accompanying notes to financial statements.

BENEDICTINE EDUCATIONAL FOUNDATION

Statement of Activities Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and support:				
Contributions and donations	\$ 231,253	\$ 1,642,996	\$ 40,648	\$ 1,914,897
Investment income	106,646	-	-	106,646
Gain on writeoff of balances due to related party	381,371	-	-	381,371
 Total revenue, gains, and support	719,270	1,642,996	40,648	2,402,914
 Net assets released from restrictions	671,155	(671,155)	-	-
Expenses and losses:				
Expenses:				
Program services	1,151,848	-	-	1,151,848
General and administrative	76,049	-	-	76,049
Fundraising	128,275	-	-	128,275
 Total expenses	1,356,172	-	-	1,356,172
 Net realized and unrealized losses on investments	2,693	-	-	2,693
Bad debt loss	-	48,454	-	48,454
 Total expenses and losses	1,358,865	48,454	-	1,407,319
 Change in net assets	31,560	923,387	40,648	995,595
Net assets (deficit), beginning of year	(103,792)	1,282,169	2,851,896	4,030,273
Net assets (deficit), end of year	\$ (72,232)	\$ 2,205,556	\$ 2,892,544	\$ 5,025,868

See accompanying notes to financial statements.

BENEDICTINE EDUCATIONAL FOUNDATION

Statements of Cash Flows Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 706,315	\$ 995,595
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized (gain) loss on investments	(292,355)	2,693
Investment income reinvested, net	(82,424)	(90,479)
Contributions restricted for long-term use	(44,520)	(40,648)
Gain on writeoff of balance due to related party	-	(381,371)
Changes in operating assets and liabilities:		
Pledges receivable - net	238,792	(146,999)
Due from related party, net	(22,424)	-
Prepaid expenses	24	(187)
Accounts payable	1,968	(2,597)
Due to related party	<u>(102,469)</u>	<u>(121,739)</u>
Net cash provided by operating activities	<u>402,907</u>	<u>214,268</u>
Cash flows from investing activities:		
Net proceeds from sale investments	<u>26,391</u>	<u>116,580</u>
Cash flows from financing activities:		
Contributions restricted for endowment	<u>44,520</u>	<u>40,648</u>
Net change in cash and cash equivalents	473,818	371,496
Cash and cash equivalents, beginning of year	<u>986,347</u>	<u>614,851</u>
Cash and cash equivalents, end of year	<u>\$ 1,460,165</u>	<u>\$ 986,347</u>

See accompanying notes to financial statements.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Description of Organization: Benedictine Educational Foundation (the “Foundation”) is a nonprofit organization that accepts and receives contributions for the benefit of and to carry out the purposes of Benedictine High School of Richmond d.b.a. Benedictine College Preparatory (the “School”). The Foundation is to provide financial support for the School’s academic programs, facilities, development, scholarships, financial aid and other programs as designated by the School. The Foundation is classified as a supporting organization for federal tax purposes.

Financial Statement Presentation: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. The accompanying financial statements represent the accounts of the Foundation on a stand-alone basis and do not include the accounts of the School or Benedictine Society of Virginia.

Use of Estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets: The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in three classes of net assets – unrestricted, temporarily restricted, and permanently restricted reflected based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets include the revenues and expenses of the primary operations of the Foundation. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within unrestricted net assets. There were no Board-designated assets for 2017 or 2016.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Classification of Net Assets, Continued:

Temporarily Restricted Net Assets: Net assets that are subject to donor or grant-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed restrictions requiring the Foundation to maintain such amounts permanently.

Cash and Cash Equivalents: The Foundation considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

Investments: Investments are stated at fair value and net unrealized and realized gains or losses are reflected in the statements of activities. Fair value is 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. Due to the level or risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements. See Note 2 for discussion of fair value measurements. Gifts of investments are stated at fair market value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the settlement date.

Recognition of Contributions: Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor as to purpose or time are reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted.

Pledges Receivable: The Foundation provides an allowance for potentially uncollectible pledges based on management's judgment. When pledges are considered uncollectible, they are written off against the allowance. The allowance for uncollectible pledges was \$332,082 as of June 30, 2016 and \$421,342 as of June 30, 2016.

Income Taxes: The Foundation is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is not considered a private foundation.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Income Taxes, Continued: Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Foundation has no significant financial statement exposure to uncertain income tax positions at June 30, 2017 and 2016. The Foundation is not currently under audit by any tax jurisdiction.

Credit Risk: Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents, investments, and pledges receivable. The Foundation maintains its cash and investments in financial institutions with balances that periodically exceed federally insured limits. The Foundation's pledges are from a large number of individuals, foundations, and corporations located primarily in Richmond, Virginia. One donor amounted to 16% of the total pledges receivable balance as of June 30, 2017.

Advertising Costs: The Foundation expenses advertising costs as they are incurred. There was no advertising expense for 2017 and 2016.

Recent Accounting Pronouncements:

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the statement of financial position with a right of use asset and a lease liability. The standards will require entities to classify leases as either a finance or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of activities. On the statement of cash flows, the principal portion of the financing lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of activities. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2019, and will require entities to use a modified retrospective approach to the earliest period presented. The Foundation is currently evaluating the reporting and economic implications of the new standard.

Revenue Recognition: In May 2014, the FASB issued new guidance over revenue recognition which eliminates all transaction and industry specific accounting principles and replaces them with a unified, five step approach. The new standard will be effective for period beginning after December 15, 2018, and will permit the use of either the retrospective reporting for previous periods or the cumulative effect transition method. The Foundation is currently evaluating the reporting and economic implications of the new standard.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Recent Accounting Pronouncements, Continued:

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

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets—net assets with donor restrictions and net assets without donor restrictions.
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of *net assets with donor restrictions* and requires additional disclosures for underwater endowment funds.
- Requires all not-for-profits to provide expenses by nature and function.
- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources.

The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The Foundation has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.

Subsequent Events: Management has evaluated subsequent events through October 26, 2017 the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

2. Investments and Fair Value Measurements:

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

2. Investments and Fair Value Measurements, Continued:

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash and cash equivalents: Valued at the realizable cash value equivalent to the specific sum of money held by the Foundation at year end.

Mutual funds, exchange-traded & closed-end funds: Valued at the net asset value ("NAV") of shares held by the Foundation at year end. The funds held by the Foundation are deemed to be actively traded.

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

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

2. Investments and Fair Value Measurements, Continued:

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

	Assets at Fair Value	
	Level 1	Total
Cash and cash equivalents	\$ 59,789	\$ 59,789
Exchange-traded & closed-end funds:		
Corporate Bond	156,663	156,663
Emerging Markets Bond	154,386	154,386
Large Blend	1,079,231	1,079,231
Real Estate	493,220	493,220
Diversified Emerging Markets	706,032	706,032
Foreign Large Blend	585,463	585,463
Total assets at fair value	\$ 3,234,784	\$ 3,234,784

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2016:

	Assets at Fair Value	
	Level 1	Total
Cash and cash equivalents	\$ 9,520	\$ 9,520
Exchange-traded & closed-end funds:		
Corporate Bond	144,091	144,091
Emerging Markets Bond	145,550	145,550
Large Blend	968,226	968,226
Real Estate	469,774	469,774
Diversified Emerging Markets	651,543	651,543
Foreign Large Blend	497,692	497,692
Total assets at fair value	\$ 2,886,396	\$ 2,886,396

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

3. Pledges Receivable:

The present value of estimated future cash flows of pledges receivable, discounted at the risk-free rate of 0.75%, are expected to be received as follows at June 30:

	2017	2016
Amounts due in:		
Less than one year	\$ 894,660	\$ 895,893
One to five years	460,452	791,830
	1,355,112	1,687,723
Less:		
Allowance for uncollectible pledges	332,082	421,342
Discount on pledges receivable	4,723	9,282
	\$ 1,018,307	\$ 1,257,099

In addition, a donor has made a conditional promise to give to the Foundation a total amount of \$1,000,000 over four years. This promise does not currently meet standards to be recognized as revenue according to generally accepted accounting principles ("GAAP"), but will be recognized over the life of the pledge as conditions are met.

4. Temporarily Restricted Net Assets:

Temporarily restricted net assets were available for the following purposes at June 30:

Purpose	2017	2016
Alumni association	\$ 298,865	\$ 178,158
Centennial campaign	1,173,296	1,158,963
Other time restricted donations	160,564	471,848
Educational programs	15,400	13,450
Financial aid and scholarships	1,223,783	256,054
Planned giving	151,053	127,083
	\$ 3,022,961	\$ 2,205,556

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

4. Temporarily Restricted Net Assets, Continued:

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by the occurrence of other events as specified by donors. Purpose restrictions accomplished were as follows for the years ended June 30:

<u>Purpose</u>	<u>2017</u>	<u>2016</u>
Centennial campaign	\$ 15,698	\$ 391,425
Other time restricted donations	412,329	83,278
Financial aid and scholarships	-	52,000
Planned giving	11,305	144,452
	<u>\$ 439,332</u>	<u>\$ 671,155</u>

5. Permanently Restricted Net Assets:

Permanently restricted net assets restricted for the purpose of scholarships and financial aid amounted to \$2,937,064 at June 30, 2017 and \$2,892,544 at June 30, 2016. The principal of all permanently restricted net assets must be invested in perpetuity; however, income and gains are available to support scholarships and other program activities of the School (see Note 6).

6. Endowment Funds:

The Foundation's endowment consists of 23 individual named funds established for a variety of donor-restricted purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the cost basis of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

6. Endowment Funds, Continued:

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and Spending Policies: 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. Under this policy, as approved by the Board of Directors, the endowment funds have both absolute and relative investment objectives as follows:

Absolute objectives:

- The long-term objective of the Fund is to provide moderate capital growth with no focus on income.
- Achieve a target rate of return (excess of inflation) of 4% over a full market cycle of approximately 10 years.
- Diversification will be employed to reduce risk.

Relative objectives:

- Focus on spending on current or near-term programs without regard to the impact on future spending.

To satisfy its 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 that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Foundation spends money out of the endowment based on the original request of the donor, which relates to an amount used for scholarships and financial aid awards. The distributions to the beneficiaries will be 4% of the endowed assets, determined annually as of December 31.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

6. Endowment Funds, Continued:

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$(42,275) as of June 30, 2016. These deficiencies resulted from unfavorable market fluctuations. There were no deficiencies of this nature as of June 30, 2017.

Endowment net asset composition by type of fund was as follows as of June 30, 2017:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 211,391	\$ 2,937,064	\$ 3,148,455

Endowment net asset composition by type of fund was as follows as of June 30, 2016:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (42,275)	\$ -	\$ 2,892,544	\$ 2,850,269

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

6. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the years ended June 30, 2017 and 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ (22,675)	\$ -	\$ 2,851,896	\$ 2,829,221
Investment income	99,735	-	-	99,735
Realized and unrealized losses on investments	(1,986)	-	-	(1,986)
Appropriations for expenditures	(104,525)	-	-	(104,525)
Contributions	-	-	40,648	40,648
Management fees	<u>(12,824)</u>	<u>-</u>	<u>-</u>	<u>(12,824)</u>
Endowment net assets, June 30, 2016	(42,275)	-	2,892,544	2,850,269
Investment income	42,275	41,113	-	83,388
Realized and unrealized gains on investments	-	278,861	-	278,861
Appropriations for expenditures	-	(103,805)	-	(103,805)
Contributions	-	-	44,520	44,520
Management fees	<u>-</u>	<u>(4,778)</u>	<u>-</u>	<u>(4,778)</u>
Endowment net assets, June 30, 2017	<u>\$ -</u>	<u>\$ 211,391</u>	<u>\$ 2,937,064</u>	<u>\$ 3,148,455</u>

7. Related Party Transactions:

The Foundation contributed \$897,937 to the School during 2017 and \$1,151,848 to the School during 2016 and has \$22,424 due from the School as of June 30, 2017 and \$102,469 due to the School as of June 30, 2016 as reflected in the accompanying statements of financial position for various operating expenses paid for by the School on behalf of the Foundation. The Foundation contributed \$37,011 to the Benedictine Society of Virginia during 2017.

BENEDICTINE EDUCATIONAL FOUNDATION

Notes to Financial Statements, Continued

8. Contingencies:

The Foundation is involved in mediation to resolve the adequacy of consideration over past donations from a currently bankrupt donor. The maximum loss potential is \$319,000, however, the matter is being actively defended and an estimate of actual damages, if any, cannot be made at this time.

SUPPLEMENTAL INFORMATION

BENEDICTINE EDUCATIONAL FOUNDATION

Schedule of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Contributions to School	\$ 934,948	\$ -	\$ -	\$ 934,948
Salaries and payroll taxes	-	-	87,618	87,618
Bank and investment fees	-	13,001	-	13,001
Dues and subscriptions	-	26	325	351
Insurance	-	2,297	-	2,297
Meal expense	-	-	599	599
Miscellaneous	-	18,390	18,738	37,128
Printing and direct mail	-	-	805	805
Professional services	-	25,143	-	25,143
Travel and fuel	-	-	48	48
	<u>\$ 934,948</u>	<u>\$ 58,857</u>	<u>\$ 108,133</u>	<u>\$ 1,101,938</u>

See report of independent accountants.

BENEDICTINE EDUCATIONAL FOUNDATION

Schedule of Functional Expenses
Year Ended June 30, 2016

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Contributions to School	\$ 1,151,848	\$ -	\$ -	\$ 1,151,848
Salaries and payroll taxes	-	-	94,627	94,627
Bank and investment fees	-	17,441	-	17,441
Dues and subscriptions	-	-	427	427
Insurance	-	2,094	-	2,094
Meal expense	-	-	481	481
Miscellaneous	-	15,848	9,850	25,698
Postage	-	-	612	612
Printing and direct mail	-	-	11,257	11,257
Professional services	-	40,516	-	40,516
Travel and fuel	-	-	11,021	11,021
	<u>\$ 1,151,848</u>	<u>\$ 76,049</u>	<u>\$ 128,275</u>	<u>\$ 1,356,172</u>

See report of independent accountants.