



THOMAS JEFFERSON'S
Poplar Forest

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST**

FINANCIAL REPORT

December 31, 2021

 **BROWN EDWARDS**
certified public accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Corporation for Jefferson's
Poplar Forest
Forest, Virginia

Opinion

We have audited the accompanying financial statements of The Corporation for Jefferson's Poplar Forest (the "Corporation"), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepts in the United Stated of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our ethical requirements in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
August 31, 2022

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 892,865	\$ 706,945
Contributions receivable, net (Notes 3 and 14)	335,959	528,863
Inventory (Note 5)	69,198	64,831
Other assets	24,989	62,434
Total current assets	1,323,011	1,363,073
LONG-TERM ASSETS		
Cash and cash equivalents, restricted for capital projects	516,327	2,315,595
Contributions receivable, long-term, net (Notes 3 and 14)	318,780	424,988
Property and equipment, net (Note 6)	14,806,851	11,963,790
Investments (Notes 4 and 14)	2,023,255	1,901,360
Historic collections	297,162	297,162
Total assets	\$ 19,285,386	\$ 18,265,968
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt (Note 8)	\$ 72,688	\$ 74,733
Accounts payable	113,352	16,163
Line of credit (Note 7)	-	209,264
Accrued expenses	211,781	204,471
Total current liabilities	397,821	504,631
LONG-TERM DEBT, net of current maturities and unamortized deferred loan costs (Note 8)	1,763,687	1,831,246
Total liabilities	2,161,508	2,335,877
NET ASSETS		
Net assets without donor restrictions		
Undesignated	10,493,146	10,157,318
Designated by the Board (Note 10)	1,890,180	1,773,129
	12,383,326	11,930,447
Net assets with donor restrictions (Notes 9 and 10)	4,740,552	3,999,644
Total net assets	17,123,878	15,930,091
	\$ 19,285,386	\$ 18,265,968

The Notes to Financial Statements are an integral part of these statements.

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE						
Gifts	\$ 1,002,507	\$ 1,034,936	\$ 2,037,443	\$ 750,653	\$ 579,769	\$ 1,330,422
Government grants	-	242,565	242,565	-	259,200	259,200
Visitation	437,354	-	437,354	169,200	-	169,200
Rent income (Note 11)	193,024	-	193,024	184,558	-	184,558
Investment income	48,010	(1,898)	46,112	45,686	(2,160)	43,526
Net unrealized and realized gains on investments	161,838	6,748	168,586	193,584	8,034	201,618
Miscellaneous	16,043	-	16,043	30,609	-	30,609
Net assets released from restrictions	541,443	(541,443)	-	502,692	(502,692)	-
Total support and revenue	2,400,219	740,908	3,141,127	1,876,982	342,151	2,219,133
EXPENSES						
Program:						
Restoration	658,185	-	658,185	702,035	-	702,035
Visitation/interpretation	677,419	-	677,419	561,842	-	561,842
Supporting:						
Rental properties	126,962	-	126,962	127,416	-	127,416
Administrative	217,057	-	217,057	171,087	-	171,087
Public relations	86,469	-	86,469	84,832	-	84,832
Fundraising	181,248	-	181,248	200,737	-	200,737
Total expenses	1,947,340	-	1,947,340	1,847,949	-	1,847,949
CHANGE IN NET ASSETS	452,879	740,908	1,193,787	29,033	342,151	371,184
NET ASSETS						
Beginning	11,930,447	3,999,644	15,930,091	11,901,414	3,657,493	15,558,907
Ending	<u>\$ 12,383,326</u>	<u>\$ 4,740,552</u>	<u>\$ 17,123,878</u>	<u>\$ 11,930,447</u>	<u>\$ 3,999,644</u>	<u>\$ 15,930,091</u>

The Notes to Financial Statements are an integral part of these statements.

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021**

	Program		Supporting				Total
	Restoration	Visitation/ Interpretation	Rental Properties	Administrative	Public Relations	Fundraising	
Salaries and benefits	\$ 363,787	\$ 310,148	\$ 18,636	\$ 124,859	\$ 9,318	\$ 126,046	\$ 952,794
Depreciation and amortization	168,783	32,025	59,721	24,611	198	764	286,102
Utilities	15,858	11,686	82	9,696	-	1,891	39,213
Repairs and maintenance	11,604	20,403	7,769	8,914	35	13,761	62,486
Professional fees	13,865	71,738	-	23,494	76,325	1,406	186,828
Advertising	-	63,223	-	-	-	-	63,223
Taxes and insurance	323	162	10,905	48	-	-	11,438
Interest	52,086	26,043	19,241	(1,954)	-	-	95,416
Postage, printing, and supplies	6,746	23,557	-	1,553	3	19,092	50,951
Cost of retail sales	-	61,768	-	-	-	-	61,768
Travel and entertainment	480	10,865	-	165	-	4,549	16,059
Rental	1,411	13,507	10,608	1,731	38	573	27,868
Miscellaneous	2,145	4,118	-	64	-	458	6,785
Fees	30	11,848	-	67	-	4,771	16,716
Educational material	548	881	-	22	-	-	1,451
Dues and subscriptions	532	3,522	-	539	50	383	5,026
Meetings	-	228	-	-	-	-	228
Professional development	1,386	260	-	420	-	-	2,066
Insurance	18,601	11,437	-	22,828	502	7,554	60,922
Total functional expenses	\$ 658,185	\$ 677,419	\$ 126,962	\$ 217,057	\$ 86,469	\$ 181,248	\$ 1,947,340

The Notes to Financial Statements are an integral part of these statements.

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020**

	Program		Supporting				Total
	Restoration	Visitation/ Interpretation	Rental Properties	Public			
				Administrative	Relations	Fundraising	
Salaries and benefits	\$ 381,758	\$ 322,632	\$ 13,653	\$ 77,758	\$ 10,239	\$ 147,760	\$ 953,800
Depreciation and amortization	174,383	41,710	59,005	28,372	194	1,925	305,589
Utilities	14,910	11,083	414	9,036	-	2,092	37,535
Repairs and maintenance	15,515	23,736	18,048	10,546	35	8,796	76,676
Professional fees	15,684	15,731	-	22,488	73,307	13,473	140,683
Advertising	-	50,936	-	567	-	-	51,503
Taxes and insurance	349	175	10,905	49	-	-	11,478
Interest	60,831	30,416	10,098	(1,825)	-	-	99,520
Postage, printing, and supplies	13,459	10,525	-	2,122	453	13,124	39,683
Cost of retail sales	-	31,451	-	-	-	-	31,451
Travel and entertainment	3,446	1,396	-	293	-	1,469	6,604
Rental	3,470	3,118	9,970	3,166	82	1,231	21,037
Miscellaneous	782	1,399	-	127	2	123	2,433
Fees	23	4,824	-	63	-	3,762	8,672
Educational material	154	105	-	12	-	-	271
Dues and subscriptions	484	3,232	-	354	121	253	4,444
Meetings	-	121	-	3	-	-	124
Professional development	2,000	160	-	-	-	724	2,884
Insurance	14,787	9,092	5,323	17,956	399	6,005	53,562
Total functional expenses	\$ 702,035	\$ 561,842	\$ 127,416	\$ 171,087	\$ 84,832	\$ 200,737	\$ 1,847,949

The Notes to Financial Statements are an integral part of these statements.

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 1,193,787	\$ 371,184
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Non-cash gifts	-	(31,385)
Depreciation	284,647	304,264
Amortization	1,454	1,325
Realized and unrealized gains on investments	(168,586)	(201,618)
Contributions restricted for capital projects	(1,421,412)	(394,856)
Paycheck Protection Program and EIDL loan forgiveness	(242,565)	(232,500)
(Increase) decrease in:		
Contributions receivable	299,112	(65,769)
Inventory	(4,367)	(7,429)
Other assets	37,445	(24,604)
(Decrease) increase in:		
Accounts payable	8,459	(8,038)
Accrued expenses	7,310	85,813
Net cash used in operating activities	(4,716)	(203,613)
INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	247,865	2,060,718
Purchase of investments	(201,174)	(203,685)
Purchase of historic collections	-	-
Purchase of property and equipment	(3,038,978)	(238,215)
Net cash provided by (used in) investing activities	(2,992,287)	1,618,818
FINANCING ACTIVITIES		
Payments on line of credit, net	(209,264)	(21,552)
Proceeds from Paycheck Protection Program and EIDL	232,565	242,500
Payments of long-term debt financing fees	-	(3,500)
Principal payments on long-term debt	(61,058)	(16,038)
Contributions restricted for capital projects	1,421,412	394,856
Net cash provided by financing activities	1,383,655	596,266
Net increase (decrease) in cash, cash equivalents, and restricted cash	(1,613,348)	2,011,471
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning	3,022,540	1,011,069
Ending	\$ 1,409,192	\$ 3,022,540
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 95,467	\$ 99,520
NONCASH INVESTING ACTIVITY		
Gifts of property, including collections	\$ -	\$ 31,385
Amounts in accounts payable for property and equipment	\$ 88,730	\$ 2,350

The Notes to Financial Statements are an integral part of these statements.

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies

The mission of The Corporation for Jefferson's Poplar Forest (the "Corporation") is to preserve Thomas Jefferson's personal retreat and plantation, to inspire exploration of his enduring legacy, and to tell the stories of the free and enslaved people who lived and worked at Poplar Forest.

The Corporation's vision is to provide a place and an experience that inspires visitors to be curious about, and active participants in, the world, their community, and the legacy of Thomas Jefferson.

The Corporation solicits individuals, corporations, and foundations for contributions and grants.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from the estimates that were used.

Classification of net assets

The Corporation's net assets have been grouped into the following two classes:

Net assets without donor restrictions are free of donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Corporation pursuant to those stipulations. Net assets with donor restrictions also include amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Historic collections

Works of art, antiques, and historical treasures are recorded at cost, if purchased, or at their fair value at the date of the gift. These collections do not include archaeological or architectural artifacts.

Classification of gifts

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Classification of gifts (Continued)

The Corporation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations 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 Corporation reports expirations of donor restrictions as unrestricted when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents

The Corporation considers cash and cash equivalents to include cash on hand and temporary investments purchased with an original maturity of three months or less.

The Corporation maintains deposits in financial institutions that at times exceed amounts covered by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes no significant risk exists with respect to these deposits.

Cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 892,865	\$ 706,945
Cash and cash equivalents, restricted for capital projects	<u>516,327</u>	<u>2,315,595</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 1,409,192</u>	<u>\$ 3,022,540</u>

Assets restricted to investment in capital projects on the statements of financial position include restricted cash received with a donor-imposed restriction that limits use of that cash to long-term purposes.

Investments

Investments are reported at fair value. Net unrealized and realized gains and losses are reflected in the statements of activities. Gifts of investments are recorded at their fair value as of the date of the gift.

Inventory

Inventory of the Museum Shop is stated at the lower of cost or net realizable value on a first-in, first-out basis.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts, less accumulated depreciation. Restoration costs are capitalized and depreciated while repairs and maintenance are charged to expense in the year incurred. The original costs of historic buildings are not depreciated. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Advertising costs

The Corporation expenses advertising costs as incurred.

Contributed services

A substantial number of unpaid volunteers have made significant contributions of their time to the Corporation as docents, laboratory assistants, and administrative assistants. The value of such services has not been determined and is not included in these financial statements.

Allocation of expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses that are attributable to one or more program or supporting functions of the Corporation include depreciation and amortization, interest, information technology, buildings and grounds, general services, and salaries and benefits. Depreciation and amortization is allocated based on a square footage basis, interest is allocated based on the areas receiving benefit from the related debt instrument, information technology is allocated based on the number of computers utilized by each function, buildings and grounds, general services, and salaries and benefits are allocated based on the estimated time, effort, and costs.

Income taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code*, and is not a private foundation under Section 509(a)(2). The Corporation is subject to income taxes on profits generated from the rental of debt-financed real property. The Corporation has net operating loss carryforwards totaling approximately \$280,000. A 100% valuation allowance has been recorded against this deferred tax asset because it is uncertain that the loss carryforwards will be realized.

Deferred financing costs

Deferred financing costs are amortized using the straight-line method, which approximates the effective interest method, over the life of the respective financing arrangement.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue recognition

Gifts

The Corporation receives gift revenue primarily consisting of pledges and contributions from donors. Gifts are classified as restricted or unrestricted based on donor stipulation and intent. When a stipulated time restriction ends and/or a purpose restriction is accomplished, the donor restricted gifts are reported as released from restrictions. For donations received absent of explicit donor restrictions, the Corporation reports the contributions as revenue as they are received. Revenue recognition has no impact on the gifts as they are earned at a point in time.

Visitation

A primary source of revenue for the Corporation consists of fees for tours, fees for educational programs, and museum shop sales. The fees for tours and educational programs are derived from the sale of admission tickets to visit the property and to programmatic offerings. The museum shop revenues are derived from the sale of souvenirs, publications, merchandise, gifts, and food. The Corporation recognizes visitation revenues at the point in time when services are provided to the customer.

Rent

The Corporation receives revenue by renting residential properties. The revenue for these services are recognized over the term of the rental agreement in which the properties are provided in an amount that the Corporation expects to receive in exchange for the services.

Fair value measurements

Authoritative guidance for fair value measurements and disclosures establishes a single definition of fair value and requires certain disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a fair value hierarchy that prioritizes each input to the valuation method used to measure fair value into one of the following three broad levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, inputs that are observable (such as credit and yield curves) in active markets, and quoted prices for identical or similar assets in markets that are not active.

Level 3 – Unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Net asset classification of endowment funds

The Corporation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Corporation holds institutional funds which are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Corporation's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value 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 Corporation classifies net assets with donor restrictions as: a) the original value of gifts donated to the permanent endowment; b) the original value of subsequent gifts to the permanent endowment; and c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Corporation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

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

1. The duration and preservation of the endowment fund.
2. The purposes of the Corporation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Corporation.
7. The investment policies of the Corporation.

Return objectives and risk parameters

The Corporation has adopted investment and spending policies for the endowment fund that attempt to preserve and increase the real (inflation-adjusted) value of the fund and to provide a predictable and increasing distribution to carry out the purpose of the fund. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that outperform inflation by three percentage points each year. The Corporation expects its endowment funds, over time, to provide a total rate of return that exceeds the median of a generally accepted universe of similar funds.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Net asset classification of endowment funds (Continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Corporation 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 Corporation targets a diversified asset allocation that places a greater emphasis on equity-based instruments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Corporation has a policy of appropriating annual distributions from the endowment fund equal to 4.50% of the average of the market value of the fund on June 30 in each of the three preceding years.

Subsequent events

Management has evaluated subsequent events through August 31, 2022, the date the financial statements were available to be issued.

On January 5, 2022, the Corporation was notified of being a beneficiary in a revocable trust. Subsequently, the Corporation received \$500,000 to be used for general charitable purposes.

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. In May 2020, the FASB voted to extend the effective date of ASU No. 2016-02, as a result the standard is effective for fiscal year 2022. The standard will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. Early application is permitted.

The Corporation is currently evaluating the impact that ASU 2016-02 will have on its financial statements and related disclosures.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 2. Liquidity and Availability

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 892,865	\$ 706,945
Contributions receivable, net	335,959	528,863
Inventory	69,198	64,831
Other assets	24,989	62,434
Investments – endowment	2,023,255	1,901,360
Total financial assets	3,346,266	3,264,433
Less amounts not available to be used within one year:		
Designated by the Board	(1,890,180)	(1,773,129)
Purpose restricted net assets	(271,811)	(339,835)
Estimated purpose restriction spending	382,325	447,006
Purpose restricted endowment earnings	(25,481)	(20,638)
Perpetual in nature	(107,593)	(107,593)
Estimated endowment draw	71,000	69,000
Total financial assets not available to be used within one year	(1,841,740)	(1,725,189)
Total financial assets available to meet general expenditures within one year	\$ 1,504,526	\$ 1,539,244

The Corporation's endowment funds consist of donor-restricted endowments and funds designated by the Board of Trustees as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts restricted for current operations. Donor-restricted endowment funds are not available for general expenditure.

The Corporation's board-designated endowment fund totals \$1,890,180. These funds have been set aside to function as endowments. Although the Corporation does not intend to spend in excess of this draw from the board-designated endowment, the fund could be made available for current spending if absolutely necessary.

The Corporation has a line of credit in the amount of \$500,000 to cover operating cash needs periodically throughout the year, if necessary. At December 31, 2021 and 2020, the line of credit had a balance of \$-0- and \$209,264, respectively.

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 3. Contributions Receivable

Contributions receivable are due as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 344,077	\$ 540,363
One to five years	329,685	469,225
	673,762	1,009,588
Allowance for uncollectible contributions	(9,700)	(42,000)
Discount calculated at 2.00% for 2021 and 2020	(9,323)	(13,737)
	<u>\$ 654,739</u>	<u>\$ 953,851</u>
Contributions receivable, current portion	\$ 335,959	\$ 528,863
Contributions receivable, long-term	318,780	424,988
	<u>\$ 654,739</u>	<u>\$ 953,851</u>
Total contributions receivable, net	<u>\$ 654,739</u>	<u>\$ 953,851</u>

The Corporation has received other promises to give which are not recorded as receivables until certain expenses are incurred or matching contributions are received. These conditional promises consist of three grants with original awards totaling \$351,868. The conditional portion of these grants remaining at December 31, 2021 totaled \$309,868.

As of December 31, 2021 and 2020, approximately 81% and 82%, respectively, of contributions receivable were from three and four donors, respectively.

Note 4. Investments

Investments consist of the following:

	<u>2021</u>			<u>2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Equity securities	\$ 827,764	\$ 1,310,171	\$ 482,407	\$ 759,457	\$ 1,178,600	\$ 419,143
Government bonds	157,846	163,167	5,321	110,195	122,138	11,943
Corporate bonds	212,724	215,789	3,065	209,624	225,098	15,474
Mutual funds:						
Equity	101,167	131,184	30,017	96,327	144,252	47,925
Bonds	74,205	73,981	(224)	126,921	135,746	8,825
Broad commodities	44,929	39,867	(5,062)	-	-	-
Short-term investments	89,096	89,096	-	95,526	95,526	-
	<u>\$ 1,507,731</u>	<u>\$ 2,023,255</u>	<u>\$ 515,524</u>	<u>\$ 1,398,050</u>	<u>\$ 1,901,360</u>	<u>\$ 503,310</u>

Investment fees of \$19,853 and \$16,453 were paid in 2021 and 2020, respectively.

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THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 5. Inventory

Inventory consists of the following:

	2021	2020
Gift shop	\$ 38,577	\$ 34,397
Publications	30,621	30,434
	\$ 69,198	\$ 64,831

Note 6. Property and Equipment

Property and equipment consists of the following:

	2021	2020
Land improvements	\$ 435,185	\$ 430,335
Buildings	9,752,462	9,633,616
Furniture, fixtures, and equipment	529,299	516,453
Vehicles	21,052	21,052
	10,737,998	10,601,456
Less accumulated depreciation	(6,012,855)	(5,728,207)
	4,725,143	4,873,249
Land	5,667,799	5,667,799
Historical buildings	800,000	800,000
Construction in progress	3,613,909	622,742
	\$ 14,806,851	\$ 11,963,790

Note 7. Line of Credit

The Corporation has a revolving bank line of credit that provides for short-term borrowings up to \$500,000 at an interest rate of prime + 1.00% (4.25% at December 31, 2021), subject to a minimum rate of 4.00%, due on demand. This line, as well as the notes payable, is subject to a credit agreement such that the debt is secured by the Corporation's real estate, investments, and assignment of all rents of the Corporation's properties. Covenants include a requirement that the Corporation hold marketable securities of at least \$1,200,000, the Corporation must have a minimum tangible net worth of \$10,000,000, the outstanding balance must be less than 90% of the investment account, and other covenants. The line is subject to review at July 28, 2022. Interest expense on the line totaled \$9,041 and \$9,948 in 2021 and 2020, respectively.

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THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 8. Long-Term Debt

Long-term debt consists of the following:

	Final Maturity	2021	2020
Note payable, bank, issued in 2018, 3.99% until October 2023 years then variable, payable \$12,290 monthly including principal and interest, collateralized by certain real property and a negative pledge agreement on investments and other real estate, subject to various covenants described in Note 7.	2038	\$ 1,860,727	\$ 1,921,785
Economic injury disaster loan issued in 2020 for \$10,000, subject to a balloon payment in 2050. The loan bears interest of 2.75%.	2050	-	10,000
		1,860,727	1,931,785
Less current maturities		(72,688)	(74,733)
Less unamortized deferred loan costs		(24,352)	(25,806)
		\$ 1,763,687	\$ 1,831,246

Debt matures as follows:

Year Ending December 31,	Debt	Amortization of Deferred Loan Costs	Total
2022	\$ 73,948	\$ (1,260)	\$ 72,688
2023	78,227	(1,260)	76,967
2024	81,261	(1,260)	80,001
2025	84,799	(1,260)	83,539
2026	88,294	(1,260)	87,034
2027 and thereafter	1,454,198	(18,052)	1,436,146
	\$ 1,860,727	\$ (24,352)	\$ 1,836,375

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THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 9. Net Assets

Net assets with donor restrictions consist of the following:

	2021	2020
<u>Donor restricted – subject to expenditure for specific purposes and time</u>		
Historical preservation and restoration	\$ 465,563	\$ 472,956
Archaeological research and interpretation	19,363	16,863
Visitor services	3,677	3,177
Capital initiatives	3,824,854	3,043,496
Educational initiatives	11,342	51,809
Time restrictions	258,160	253,750
	4,582,959	3,842,051
 <u>Donor restricted – held in perpetuity</u>		
Endowment investments	107,593	107,593
Antique tool collection held in perpetuity	50,000	50,000
	157,593	157,593
	\$ 4,740,552	\$ 3,999,644

During 2013, the Corporation initiated a capital campaign that remained active as of December 31, 2021. The purpose of the campaign included a new parkway/entrance, education, marketing, and operating reserve, as well as supplementing the fundraising expenses. Contributions received through the capital campaign are classified as net assets with donor restriction or net assets without donor restrictions based on the directions of individual donors.

Note 10. Endowment

Endowment composition by net asset classification

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift to be maintained in perpetuity	\$ -	\$ 107,593	\$ 107,593
Accumulated investment gains	-	25,482	25,482
Board-designated endowment funds	1,890,180	-	1,890,180
Total funds	\$ 1,890,180	\$ 133,075	\$ 2,023,255

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 10. Endowment (Continued)

Endowment composition by net asset classification (Continued)

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift to be maintained in perpetuity	\$ -	\$ 107,593	\$ 107,593
Accumulated investment gains	-	20,638	20,638
Board-designated endowment funds	1,773,129	-	1,773,129
Total funds	\$ 1,773,129	\$ 128,231	\$ 1,901,360

Changes in endowment composition by net asset classification

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ 1,632,157	\$ 122,357	\$ 1,754,514
Investment returns:			
Investment income	14,755	615	15,370
Net loss (realized and unrealized)	192,826	8,034	200,860
Total investment return	207,581	8,649	216,230
Appropriation of endowment assets for expenditure	(66,609)	(2,775)	(69,384)
Endowment net assets, December 31, 2020	1,773,129	128,231	1,901,360
Investment returns:			
Investment income	23,775	956	24,731
Net loss (realized and unrealized)	161,759	6,741	168,500
Total investment return	185,534	7,697	193,231
Appropriation of endowment assets for expenditure	(68,483)	(2,853)	(71,336)
Endowment net assets, December 31, 2021	\$ 1,890,180	\$ 133,075	\$ 2,023,255

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 11. Rental Property Revenue

As lessor, the Corporation leases a golf course which comprises a portion of its real property for \$3,769 per month with an annual increase of 2.50% on each anniversary date. The lease terminates January 31, 2024. The Corporation recognized \$45,139, and \$44,037 of revenue from the golf course lease in 2021 and 2020, respectively. Future minimum lease income is as follows:

2022	\$	46,267
2023		47,423
2024		<u>3,960</u>
	\$	<u><u>97,650</u></u>

In addition, the Corporation leases certain other property on an annual basis for which revenue for 2021 and 2020 amounted to \$147,885 and \$140,521, respectively. The net investment in rental land and buildings, which are included in property and equipment, is as follows:

	<u>2021</u>	<u>2020</u>
Golf course – land and buildings, at cost	\$ 589,323	\$ 589,323
Other property, at cost	1,689,798	1,671,090
Less accumulated depreciation	<u>(1,168,202)</u>	<u>(1,108,673)</u>
Net investment in rental properties	<u><u>\$ 1,110,919</u></u>	<u><u>\$ 1,151,740</u></u>

Note 12. Purchase Options

The Corporation has options to purchase surrounding properties in an effort to preserve significant sites as part of a long-range plan. Outstanding options allow the Corporation to have first refusal on properties as they are offered for sale at predetermined prices or terms of negotiation.

Note 13. Employee Benefits

The Corporation has a Safe Harbor 401(k) retirement plan, which covers substantially all full-time and part-time employees. Under the plan, participating employees may elect to reduce their compensation by an amount up to the maximum limitation in the *Internal Revenue Code*, with such amount being contributed to the plan for their benefit. Additionally, the Corporation contributes 3.00% of compensation for all eligible employees, in addition, for those participants who elect to contribute, the Corporation matches 33% of employee contributions up to 6.00%.

The Corporation's share of contributions to the plan totaled \$39,094 and \$38,660 for 2021 and 2020, respectively.

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THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 14. Fair Value Measurements

The following is a summary of the inputs used to determine the fair value of financial assets measured on a recurring basis as of December 31, 2021 and 2020:

	2021			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Short-term investments	\$ 89,096	\$ 89,096	\$ -	\$ -
Equity securities	1,310,171	1,310,171	-	-
Government bonds	163,167	163,167	-	-
Corporate bonds	215,789	-	215,789	-
Mutual funds	245,032	245,032	-	-
	<u>\$ 2,023,255</u>	<u>\$ 1,807,466</u>	<u>\$ 215,789</u>	<u>\$ -</u>
Contributions receivable, net	<u>\$ 654,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,739</u>
	2020			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Short-term investments	\$ 95,526	\$ 95,526	\$ -	\$ -
Equity securities	1,178,600	1,178,600	-	-
Government bonds	122,138	122,138	-	-
Corporate bonds	225,098	-	225,098	-
Mutual funds	279,998	279,998	-	-
	<u>\$ 1,901,360</u>	<u>\$ 1,676,262</u>	<u>\$ 225,098</u>	<u>\$ -</u>
Contributions receivable, net	<u>\$ 953,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 953,851</u>

**Quantitative Information about Significant Unobservable Inputs
Used in Level 3 Fair Value Measurements**

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Significant Input Values</u>
Contributions receivable – promises to give cash	\$ 654,739	Discounted cash flows	Estimated collectability timing of expected cash flows discount rate	5.00% allowance for doubtful contributions receivable 2.00% discount

(Continued)

THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 15. Commitments

The Corporation has a professional service agreement with 106 Group for services related to the IMLS project of installing wayside and trailhead exhibits which extends through 2022. The remaining commitment under this agreement was approximately \$115,000 at December 31, 2021.

The Corporation entered into a construction agreement with Branch Civil Inc. on March 8, 2021 for construction services related to the parkway project which extends through 2022. The remaining commitment under this agreement was approximately \$1,003,300 at December 31, 2021.

The Corporation entered into a contract with Riley & Associates for architectural and engineering services. The commitment under this contract is 10.5% the cost of construction. As of December 31, 2021 and 2020, the Corporation had accrued expenses of \$122,770 and \$122,698, respectively.

Note 16. COVID-19 and Economic Injury Disaster Loan Program

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Corporation's operations are heavily dependent on fees from visitation and private and public donations from individuals, foundations, and corporations. Additionally, at times the Corporation utilizes grants and contracts from federal, state, and local governments. These grants may or may not be available depending on appropriations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global and regional economic slowdown. As such, this may hinder the ability of the Corporation to advance its mission. As such, the Corporation's financial condition and liquidity may be negatively impacted for the fiscal year 2022.

As a result of the COVID-19 outbreak, there has been substantial volatility in the United States of America and global financial markets. Management is monitoring their investment portfolio and believes the market volatility to be temporary and their intention is to hold any securities that have been impacted until recovery.

In an effort to mitigate the potential impact the Corporation may experience as a result of the COVID-19 outbreak and to ensure its continued ability to pay employees, the Corporation applied for and received \$10,000 in assistance through the Economic Injury Disaster Loan (EIDL) program on April 7, 2020. The EIDL is administered by the United States Small Business Administration (SBA) as part of the federal government's Coronavirus Aid, Relief, and Economic Security Act (CARES Act). On February 11, 2021, the SBA forgave the full balance of the EIDL.

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THE CORPORATION FOR JEFFERSON'S POPLAR FOREST

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 16. COVID-19 and Economic Injury Disaster Loan Program (Continued)

Additionally, the Corporation applied for and received \$232,500 in loan assistance through the Paycheck Protection Program (PPP) on April 7, 2020. The PPP is administered by the United States Small Business Administration (SBA) as part of the federal government's Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP loans are considered conditional contributions, with a right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used: (1) to maintain compensation costs and employee headcount and (2) for other qualifying expenses (i.e. mortgage interest, rent, and utilities) incurred over a 24-week period following receipt of the funds. As of November 6, 2020, the SBA forgave \$222,500 of the PPP loan.

On January 29, 2021, the Corporation entered into a second unsecured promissory note agreement for \$232,565 under the Payroll Protection Program of the Consolidated Appropriates Act, 2021 that was enacted on December 27, 2020. The full balance of this note was forgiven by the SBA on July 13, 2021.

For the years ended December 31, 2021 and 2020, the Corporation recorded \$232,565 and \$232,500 of forgiven PPP funds as "Government Grants" with donor restriction. The Corporation released to revenues without donor restrictions on the statement of activities \$232,565 and \$232,500 for the years ended December 31, 2021 and 2020, respectively.