

JACKIE ROBINSON FOUNDATION, INC.

**Financial Statements and Additional Data
For the Year Ended June 30, 2007
(With Comparative Totals for 2006)
With Report of Independent Auditors**

JACKIE ROBINSON FOUNDATION, INC.
For the Year Ended June 30, 2007
(With Comparative Totals for 2006)

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Jackie Robinson Foundation, Inc.

We have audited the accompanying statement of financial position of Jackie Robinson Foundation, Inc. (the "Foundation") as of June 30, 2007, and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2006 financial statements and, in our report dated September 5, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Foundation's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackie Robinson Foundation, Inc. as of June 30, 2007, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.



November 30, 2007

JACKIE ROBINSON FOUNDATION, INC.

Statement of Financial Position

June 30, 2007

(With Comparative Totals for 2006)

	2007			2006
	<u>Operating</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents (Note 3)	\$ 45,958	\$ -	\$ 45,958	\$ 247,782
Investments (Note 7)	1,778	10,442,151	10,443,929	9,387,042
Contributions and Pledges receivable, net (Note 6)	3,938,440	72,458	4,010,898	2,676,114
Interfund receivable (payable)	(1,162,629)	1,162,629	-	-
Other receivables – net of allowance for uncollectible receivables of \$ 25,092 and \$41,449 in 2007 and 2006, respectively	20,759	13,115	33,874	53,513
Prepaid expenses	33,194	-	33,194	11,866
Inventory – merchandise and coins	50,456	-	50,456	43,784
Security deposits	355,574	-	355,574	21,719
Property and equipment - net (Note 4)	<u>582,209</u>	<u>-</u>	<u>582,209</u>	<u>20,456</u>
Total assets	<u>\$ 3,865,739</u>	<u>\$ 11,690,353</u>	<u>\$ 15,556,092</u>	<u>\$ 12,462,276</u>
LIABILITIES AND NET ASSETS				
<i>Liabilities:</i>				
Accounts payable and accrued expenses	\$ 239,972	\$ -	\$ 239,972	\$ 344,414
Advance payable	85,100	-	85,100	-
Deferred rent obligation (Note 8)	194,559	-	194,559	-
Security deposit held	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200</u>
Total liabilities	<u>519,631</u>	<u>-</u>	<u>519,631</u>	<u>348,614</u>
<i>Net Assets:</i>				
Unrestricted:				
Board designated endowment	-	6,186,879	6,186,879	5,491,309
Undesignated balance	<u>64,309</u>	<u>-</u>	<u>64,309</u>	<u>594,427</u>
Total unrestricted	64,309	6,186,879	6,251,188	6,085,736
Temporarily restricted (Note 10)	<u>3,281,799</u>	<u>5,503,474</u>	<u>8,785,273</u>	<u>6,027,926</u>
Total net assets	<u>3,346,108</u>	<u>11,690,353</u>	<u>15,036,461</u>	<u>12,113,662</u>
Total liabilities and net assets	<u>\$ 3,865,739</u>	<u>\$ 11,690,353</u>	<u>\$ 15,556,092</u>	<u>\$ 12,462,276</u>

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

JACKIE ROBINSON FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2007

(With Comparative Totals for 2006)

	2007		2006	
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
<i>Public Support:</i>				
Fundraising events	\$ 1,430,246	\$ -	\$ 1,430,246	\$ 1,616,934
Less: costs of events	794,486	-	794,486	797,753
Fundraising events – net (Note 12)	635,760	-	635,760	819,181
Contributions and grants	1,784,543	3,269,280	5,053,823	2,853,032
Endowment campaign	-	607,627	607,627	605,621
<i>Revenue:</i>				
Investment income	492,360	-	492,360	440,071
Net realized and unrealized gains on investments	922,064	-	922,064	431,582
Other income	103,379	-	103,379	14,959
	3,938,106	3,876,907	7,815,013	5,164,446
Net assets released from restriction				
Time restriction satisfied	1,119,560	(1,119,560)	-	-
Total public support and revenue	5,057,666	2,757,347	7,815,013	5,164,446
EXPENSES				
<i>Program Services:</i>				
Education and leadership developmen	2,837,177	-	2,837,177	2,717,011
Public information	436,739	-	436,739	418,995
Archives	131,552	-	131,552	92,503
Total program services	3,405,468	-	3,405,468	3,228,509
<i>Supporting Services:</i>				
Management and general	553,981	-	553,981	400,550
Fundraising	932,765	-	932,765	715,257
Total expenses	4,892,214	-	4,892,214	4,344,316
Change in net assets	165,452	2,757,347	2,922,799	820,130
Net assets, beginning of year	6,085,736	6,027,926	12,113,662	11,293,532
Net assets, end of year	\$ 6,251,188	\$ 8,785,273	\$ 15,036,461	\$ 12,113,662

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

JACKIE ROBINSON FOUNDATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2007

(With Comparative Figures for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,922,799	\$ 820,130
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,600	32,739
Bad debts	-	131,063
Gain on investments	(922,064)	(431,582)
Donated securities	(512,945)	(420,413)
(Increase) in pledges receivable	(1,334,784)	(772,983)
Decrease in other receivables	19,639	36,108
(Increase) decrease in prepaid expenses	(21,328)	32,311
(Increase) in inventory-merchandise	(1,012)	(1,234)
Increase in deferred revenue	85,100	-
Increase in deferred rent	194,559	-
(Decrease) increase in accounts payable and accrued expenses	<u>(108,642)</u>	<u>130,160</u>
Net cash provided (used) by operating activities	<u>337,922</u>	<u>(443,701)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,052,209	1,440,236
Purchases of investments	(1,679,747)	(1,545,970)
Purchases of property and equipment	(578,353)	(8,987)
Security deposits	<u>(333,855)</u>	<u>-</u>
Net cash used by investing activities	<u>(539,746)</u>	<u>(114,721)</u>
Net decrease in cash and cash equivalents	(201,824)	(558,422)
Cash and cash equivalents, beginning of year	<u>247,782</u>	<u>806,204</u>
Cash and cash equivalents, end of year	<u>\$ 45,958</u>	<u>\$ 247,782</u>

Supplementary disclosure of non-cash transaction:

In 2007 and 2006, the Foundation received contributions of \$512,945 and \$420,413 in the form of corporate stock, respectively.

The accompanying notes are an integral part of these financial statements

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

NOTE 1 ORGANIZATION AND OPERATIONS

Jackie Robinson Foundation, Inc. (the “Foundation”) is a publicly supported, not-for-profit national organization established in 1973. It was founded in commemoration of Jackie Robinson, a superb athlete and a man dedicated to the struggle for social, economic, and political justice for all. Its programs are concentrated in the areas of supplemental education, youth mentoring, and tuition assistance. In addition, the Foundation serves as an advocate for the rights and interests of minority youth and, in a broader sense, their families and their community.

The Foundation is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with accounting principles generally accepted in the United States for nonprofit organizations. Accordingly, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

(a) Revenue Recognition

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(b) Contributions and Pledges Receivable

Contributions and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

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

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(d) Investments

Investments are carried at the quoted market value of the securities. Realized and unrealized gains and losses are included in the statement of activities as increases or decreases in the unrestricted class of net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains and losses. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale.

(e) Property and equipment

Property and equipment are recorded at cost or the fair market value at date of donation. Depreciation of furniture and equipment is provided for on a straight line basis over the estimated useful lives of the respective assets, while leasehold improvements are amortized over their estimated useful lives or the term of the lease, whichever is shorter.

(f) Inventory

Inventory consists primarily of Jackie Robinson coins, transit checks, and merchandise for the Jazz Festival, which is stated at market.

(g) Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statement of activities, which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(h) Contributions In-kind

Contributions in-kind are reflected in the financial statements at the estimated fair market value at time of donation.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

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

(i) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) Comparative data

The amounts shown for the year ended June 30, 2006 in the accompanying financial statements are included to provide a basis for comparison with 2007 and present summarized totals only. Accordingly, the 2006 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions. At June 30, 2006, cash and cash equivalents exceeded federally insured limits. Management regularly monitors the Foundation's cash balances with a view to minimizing its credit risk.

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Leasehold improvements	\$ 54,457	\$ 54,457
Furniture and equipment	380,448	377,245
Art Work	<u>12,652</u>	<u>-</u>
	447,557	431,702
Less: Accumulated depreciation and amortization	<u>427,846</u>	<u>411,246</u>
Total	19,711	20,456
Construction in progress	<u>562,498</u>	<u>-</u>
Property and Equipment - net	<u>\$ 582,209</u>	<u>\$ 20,456</u>

Depreciation expense for the years ended June 30, 2007 and 2006 was \$16,600 and \$32,739, respectively.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

NOTE 5. BOARD DESIGNATED ENDOWMENT

The Board of Directors established a permanent endowment in 1986, specifying that: the capital of the endowment would be retained and invested; there would be no withdrawal of capital except upon approval of the Board; and the earnings from the endowment's investments may be used upon the approval of the Board for the operations of the Foundation.

In 1992, the Board established an endowed scholarship fund that was started with contributions from Foundation alumni, specifying that the capital of the endowment would be retained and invested and that the earnings from the endowment's investments be used to provide four year scholarships through the Foundation's programs.

In 1996, the Board of Directors established the Spike Lee Youth Motivation Achievement Award Fund and resolved that the Fund be used to support an annual cash award to a Foundation scholar with the most outstanding community service involvement.

In 2001, the Board agreed to segregate the commemorative coin surcharge income within the permanent endowment fund.

The endowments as of June 30, 2007 and 2006 consisted of the following net asset balances:

	<u>2007</u>	<u>2006</u>
Permanent endowment fund	\$ 3,312,767	\$ 3,074,853
Commemorative coin fund	2,874,112	2,416,456
Endowed scholarship fund	5,420,278	4,331,395
Spike Lee Youth Motivation Achievement Award Fund	<u>83,196</u>	<u>73,205</u>
Total	<u>\$ 11,690,353</u>	<u>\$ 9,895,909</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

NOTE 6 CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at June 30, 2007 consisted of amounts to be received during the years as follows:

2008	\$ 1,850,458
2009 (net of present value discount of \$38,418)	635,582
2010 (net of present value discount of \$35,870)	386,130
2011 (net of present value discount of \$29,344)	232,656
2012 - 2026 (net of present value discount of \$312,428)	<u>969,572</u>
Total before allowance for bad debt	4,074,398
Less: allowance for bad debt	<u>(63,500)</u>
Total contributions and pledges receivable - net	<u>\$ 4,010,898</u>

NOTE 7 INVESTMENTS

Investments held by the Foundation at June 30, 2007 and 2006 consisted of the following:

	2007 Fair Value	2006 Fair Value
	<u> </u>	<u> </u>
U.S. government obligations	\$ 1,178,936	\$ 881,564
Corporate stocks	3,845,720	3,137,759
Corporate bonds	347,796	341,628
Mutual funds	4,844,873	4,808,337
Money market	<u>226,604</u>	<u>217,754</u>
Total investments	<u>\$10,443,929</u>	<u>\$ 9,387,042</u>

The composition of investments at June 30, 2007 and 2006 was as follows:

Operating	\$ 1,778	\$ 1,778
Endowment	<u>10,442,151</u>	<u>9,385,264</u>
Total investments	<u>\$10,443,929</u>	<u>\$ 9,387,042</u>

As discussed in Note 8 to the financial statements, the Foundation's investments provide collateral for the lease security deposit of \$1,033,856.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

June 30, 2007

NOTE 8 COMMITMENTS

On May 1, 1996, the Foundation renewed its lease for its administrative offices for an additional ten years, ending on April 30, 2006. On February 14, 2006, the Foundation extended its lease for six (6) additional months beyond April 30, 2006 to October 31, 2006 at a base rent of \$18,750. In October 2007, the Foundation extended its lease on a month-to-month basis through August 2007 at a base rent of \$22,000 per month.

On February 20, 2007, the Foundation entered into a noncancellable lease agreement in order to relocate its administrative offices and to provide space for a Museum and Education Center. The lease contains provisions for future rent increases and rent free periods, during which times rent payments are abated. The commencement date of this lease was May 1, 2007 through April 30, 2027. The total amount of rental payments due over the lease period is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent obligation."

The future minimum annual rental payments are as follows:

<u>Year</u>	<u>Base Rental Payments</u>
2008	\$ 623,859
2009	1,039,432
2010	1,039,432
2011	1,039,432
2012	1,060,153
Thereafter	<u>18,588,749</u>
Total minimum lease payment	<u>\$ 23,391,057</u>

The lease agreement also provides for a security of \$1,033,856, which is evidenced by a letter of credit collateralized by the Foundation's investments. The security amount decreases periodically over a fifteen year period to an amount of \$250,000.

The future minimum annual rental payments are subject to escalations for real estate taxes and certain maintenance costs.

During fiscal years 2007 and 2006, the Foundation's rent expense was \$490,531 and \$216,022, net of sub-lease rent income of \$7,592 and 38,083, respectively.

JACKIE ROBINSON FOUNDATION, INC.
Notes to Financial Statements
June 30, 2007

NOTE 9 CONTRIBUTION IN-KIND

The Foundation established an office in Los Angeles, California as a base for its west coast operations. The office space is provided by a member of the Board of Directors as an in-kind contribution. The office space has a fair value of \$21,000 which is accounted for in the financial statements as rent expense and contribution revenue.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$8,728,273 and \$6,027,926 at June 30, 2007 and 2006, respectively, are available to support the museum, and education and leadership development program services.

NOTE 11 RETIREMENT PLAN

In 1991, the Foundation established the Jackie Robinson Foundation Defined Contribution Retirement Plan and a Tax-Deferred Annuity Plan pursuant to Section 403(b) of the Internal Revenue Code.

The retirement plan is a noncontributory, defined contribution plan covering all eligible employees working at the rate of at least one thousand hours per year who have completed one year of employment. The Foundation contributes an amount equal to 6% of the participating employee's base salary. Additional amounts may be voluntarily contributed under a salary reduction agreement to the tax-deferred supplemental annuity plan.

During fiscal years 2007 and 2006, the Foundation's retirement plan expense was \$56,023 and \$68,478, respectively.

NOTE 12 FUNDRAISING EVENTS

Fundraising events in 2007 were as follows:

	Award <u>Dinner</u>	LA Jazz <u>Concert</u>	<u>Golf</u>	<u>Other</u>	<u>Total</u>
Support	\$1,236,450	\$ 84,650	\$ 103,676	\$ 5,470	\$ 1,430,246
Less: Costs of fundraising events	<u>556,780</u>	<u>64,065</u>	<u>155,779</u>	<u>17,862</u>	<u>794,486</u>
Fundraising events - net	<u>\$ 679,670</u>	<u>\$ 20,585</u>	<u>(\$ 52,103)</u>	<u>(\$ 12,392)</u>	<u>\$ 635,760</u>