

JACKIE ROBINSON FOUNDATION, INC.

**Financial Statements, Supplementary Information and
Reports in Accordance with the Uniform Guidance
For the Year Ended June 30, 2022
(With Summarized Financial Information for 2021)
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JACKIE ROBINSON FOUNDATION, INC.
For the Year Ended June 30, 2022
(With Summarized Financial Information for 2021)

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statements of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-27
SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORTS	
Schedule of Expenditures of Federal Awards	28
Notes to Schedule of Expenditures of Federal Awards	29
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
Independent Auditor's Report on Compliance on Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	32-35
Schedule of Findings and Questioned Costs:	
Part I – Summary of Auditor's Results	36
Part II – Financial Statement Findings	37
Part III – Federal Awards Findings and Questioned Costs	37-38
Part IV – Corrective Action Plan	39



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Jackie Robinson Foundation, Inc.

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of the Jackie Robinson Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principals generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Foundation and to meet other ethical responsibilities, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com



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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS and *Government 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 for 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 Foundation'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 Foundation'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.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of pledges receivable, and schedule of contributions, grants, and legacy and endowment campaigns 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 audit 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

May 15, 2023

JACKIE ROBINSON FOUNDATION, INC.

Statement of Financial Position

As of June 30, 2022

(With Summarized Financial Information as of June 30, 2021)

	2022			2021
	Operating	Endowment	Total	Total
ASSETS				
Cash and cash equivalents (Note 2)	\$ 172,055	\$ -	\$ 172,055	\$ 3,377,765
Investments (Note 8)	101,778	4,919,655	5,021,433	5,917,742
Pledges receivable, net (Note 7)	7,874,825	180,000	8,054,825	12,297,479
Interfund (payable) receivable	(4,484,748)	4,484,748	-	-
Other receivables	1,102,235	6,827	1,109,062	67,657
Prepaid expenses	733,575	-	733,575	126,151
Inventory	56,556	-	56,556	44,236
Security deposits	14,320	-	14,320	14,320
Property and equipment, net (Note 4)	20,881,291	-	20,881,291	8,290,372
Intangible asset (Note 5)	126,935	-	126,935	25,453
Total assets	\$ 26,578,822	\$ 9,591,230	\$ 36,170,052	\$ 30,161,175
LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 6,104,656	\$ -	\$ 6,104,656	\$ 2,964,076
Deferred revenue	172,482	-	172,482	147,482
Bridge Loan payable	2,845,280	-	2,845,280	-
Payroll Protection Loan/Grant	-	-	-	350,000
Deferred rent obligation (Note 10)	987,497	-	987,497	1,106,154
Credit line payable (Note 9)	3,121,672	-	3,121,672	3,358,064
Total liabilities	13,231,587	-	13,231,587	7,925,776
Commitments (Note 10)				
<i>Net assets (deficit)</i>				
<i>Without Donor Restrictions</i>				
Board-designated endowment (Note 6)	-	5,789,646	5,789,646	6,049,563
Undesignated	(20,424,134)	-	(20,424,134)	(20,764,365)
Total without donor restrictions	(20,424,134)	5,789,646	(14,634,488)	(14,714,802)
<i>With Donor Restrictions (Note 11)</i>	33,771,369	3,801,584	37,572,953	36,950,201
Total net assets	13,347,235	9,591,230	22,938,465	22,235,399
Total liabilities and net assets	\$ 26,578,822	\$ 9,591,230	\$ 36,170,052	\$ 30,161,175

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

JACKIE ROBINSON FOUNDATION, INC.
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
<i>Public support</i>		
Fundraising events	\$ -	\$ -
Less: Direct benefit to donor costs	7,736	-
Fundraising events, net (Note 13)	(7,736)	-
Contributions and grants	4,975,953	3,129,506
Endowment campaign	8	489
<i>Revenue</i>		
Investment income, net	31,392	34,054
Net realized and unrealized gain (loss)	(249,193)	227,613
Other income	2,224	22,967
	<u>4,752,648</u>	<u>3,414,629</u>
<i>Reclassifications</i>		
Net assets released from donor restrictions	4,401,009	5,475,594
Total public support, revenue and reclassifications	9,153,657	8,890,223
EXPENSES		
<i>Program services</i>		
Mentoring and leadership development	4,025,094	4,435,613
Public information	754,620	722,474
Archives	254,292	243,385
Total program services	<u>5,034,006</u>	<u>5,401,472</u>
<i>Supporting services</i>		
Management and general	827,528	751,266
Fundraising	2,269,775	1,979,825
Total supporting services	<u>3,097,303</u>	<u>2,731,091</u>
Total operating expenses	<u>8,131,309</u>	<u>8,132,563</u>
Increase in net assets from operations	1,022,348	757,660
<i>Nonoperating expenses</i>		
Museum development costs (Notes 10 and 14)	942,034	896,096
Increase (decrease) in net assets without donor restrictions	<u>80,314</u>	<u>(138,436)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	3,158,863	3,940,663
In-kind contributions (Note 15)	82,350	114,400
Legacy campaign	1,061,555	1,144,576
Endowment campaign	52,105	18,150
Government grant	1,000,000	-
Investment income, net	82,054	61,626
Net realized and unrealized (loss) gain	(413,166)	230,134
Net assets released from donor restrictions	(4,401,009)	(5,475,594)
Increase in net assets with donor restrictions	<u>622,752</u>	<u>33,955</u>
Increase (decrease) in total net assets	703,066	(104,481)
Net assets, beginning of year	22,235,399	22,339,880
Net assets, end of year	<u>\$ 22,938,465</u>	<u>\$ 22,235,399</u>

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

JACKIE ROBINSON FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	Program Services				Supporting Services			2022 Total Expenses	2021 Total Expenses
	Education and Leadership Development	Public Information	Archives	Total	Management and General	Fundraising	Total		
Salaries	\$ 808,319	\$ 297,393	\$ 46,156	\$ 1,151,868	\$ 155,594	\$ 679,641	\$ 835,235	\$ 1,987,103	\$ 2,190,514
Fringe benefits	194,577	81,008	19,182	294,767	31,405	194,925	226,330	521,097	553,787
Occupancy	419,637	172,749	86,373	678,759	308,479	246,786	555,265	1,234,024	1,159,281
Equipment rental and repairs	132,870	28,440	14,190	175,500	50,769	94,677	145,446	320,946	365,434
Supplies	70,598	8,963	7,235	86,796	15,992	26,026	42,018	128,814	48,963
Repairs and maintenance	62,271	25,641	12,821	100,733	45,788	60,654	106,442	207,175	126,622
Printing and promotional	(1,126)	4,881	2,440	6,195	8,715	50,958	59,673	65,868	55,178
Telecommunication	34,596	11,036	5,518	51,150	19,707	26,270	45,977	97,127	95,577
Postage and deliveries	10,663	1,772	886	13,321	3,165	2,266	5,431	18,752	22,407
Professional and consultant fees	305,040	78,445	27,072	410,557	94,932	459,229	554,161	964,718	839,279
Travel and transportation	39,183	7,840	3,238	50,261	12,747	33,615	46,362	96,623	53,886
Temporary help	8,621	9,399	1,199	19,219	4,284	6,612	10,896	30,115	-
Insurance	28,734	11,748	7,487	47,969	20,978	28,944	49,922	97,891	80,398
Conferences and meetings	13,117	(17,597)	2,053	(2,427)	8,340	16,710	25,050	22,623	(19,814)
Dues and subscriptions	69,389	11,852	5,854	87,095	21,123	67,268	88,391	175,486	71,760
Grants and scholarships	1,753,941	2,017	970	1,756,928	3,580	2,962	6,542	1,763,470	1,980,405
Storage	10,020	4,126	2,063	16,209	7,368	5,894	13,262	29,471	28,199
Training and seminars	1,597	485	21	2,103	75	503	578	2,681	88
Depreciation and amortization	59,561	13,771	9,235	82,567	13,341	223,166	236,507	319,074	303,772
Finance and bank charges	2,700	421	210	3,331	751	41,332	42,083	45,414	170,785
Other	786	230	89	1,105	395	1,337	1,732	2,837	6,042
Total expenses	\$ 4,025,094	\$ 754,620	\$ 254,292	\$ 5,034,006	\$ 827,528	\$ 2,269,775	\$ 3,097,303	\$ 8,131,309	\$ 8,132,563

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

JACKIE ROBINSON FOUNDATION, INC.
 Statements of Cash Flows
 For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 703,066	\$ (104,481)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	319,074	303,772
Debt finance interest	15,608	10,158
Forgiveness of Debt-PPP Grant	(350,000)	-
Inkind contribution	(82,350)	(114,400)
Net realized and unrealized loss (gain)	662,359	(456,866)
Proceeds from donated securities	(334,880)	-
<i>Change in operating assets and liabilities</i>		
Decrease in pledges receivable	4,242,654	5,032,040
(Increase)/Decrease in other receivables	(1,041,405)	69,163
Increase in prepaid expenses	(607,424)	(34,165)
Increase in inventory	(12,320)	(890)
Increase in deferred revenue	25,000	-
Decrease in deferred rent obligation	(118,657)	(101,526)
Increase in accounts payable and accrued expenses	3,140,580	922,268
Net cash provided by operating activities	<u>6,561,304</u>	<u>5,525,073</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,799,446	4,770,484
Purchases of investments	(1,230,616)	(3,888,586)
Purchases of property and equipment	(12,929,124)	(1,167,710)
Net cash used in provided by investing activities	<u>(12,360,294)</u>	<u>(285,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	4,548
Proceeds from Bridge Loan	2,845,280	-
Repayment of loan from Board Members	-	(1,000,000)
Repayment of line of credit	(252,000)	(1,092,000)
Net cash provided by (used in) financing activities	<u>2,593,280</u>	<u>(2,087,452)</u>
Net (decrease) increase in cash and cash equivalents	(3,205,710)	3,151,809
Cash and cash equivalents, beginning of year	<u>3,377,765</u>	<u>225,956</u>
Cash and cash equivalents, end of year	<u>\$ 172,055</u>	<u>\$ 3,377,765</u>
SUPPLEMENTARY DISCLOSURE		
Cash paid for interest	<u>\$ 11,015</u>	<u>\$ 25,365</u>

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

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 1 ORGANIZATION AND OPERATIONS

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Foundation is required to report information regarding its financial position and activities according to two net asset classes: without donor restrictions and with donor restrictions. See "Net Asset Classifications" below for further detail.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Asset Classifications

Resources are reported for accounting purposes into separate net assets classes based on the existence or absence of donor-imposed restrictions. Therefore, net assets with similar characteristics have been combined into the following categories:

Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets may be designated for specific purposes by actions on behalf of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Net assets without donor restrictions can be utilized to carry out any purpose of the Foundation.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Net Asset Classifications *(continued)*

With Donor Restrictions: Net assets used by the Foundation and subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire with the passage of time. These net assets with donor restrictions are designated principally for scholarships and endowed scholarships.

Scholarship contributions made by donors are four-year scholarship commitments to the Foundation payable through one-time or annual contributions. Endowed scholarship contributions are gifts made by donors to fund endowed Jackie Robinson Foundation scholarships and are placed into an investment fund account at the Board's approval. Scholarships are awarded using the returns and/or proceeds from the investment of these funds.

The Foundation did not have net assets subject to donor-imposed restrictions that stipulate the principal be invested in perpetuity, but permit the Foundation to use all or part of the income earned on these assets for either specified or unspecified purposes at June 30, 2022 and 2021.

Net Deficit Without Donor Restrictions

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Presentation of Financial Statements for Not-for-Profit Entities*, contributions for the acquisition or construction of property, plant or equipment should be reclassified at the time the asset is placed in service. As a result of this accounting policy, the Foundation's cumulative net deficit without donor restrictions of \$14,634,488 and \$14,714,802 as of June 30, 2022 and 2021, respectively, indicates shortfalls in meeting operational expenses. This is largely due to the Jackie Robinson Museum's development costs, which have been absorbed by the Foundation's overall operations without donor restrictions. The Foundation's museum accumulated development costs and other related costs for the past 14 years have amounted to \$10 million and \$12.9 million, respectively, for a total of \$22.9 million in accumulated museum expenses. The net deficit without donor restrictions will be greatly reduced in FY23, reflecting the opening of the museum on July 26, 2022. The unrestricted net deficit will be further reduced by management's current aggressive fundraising activities.

Measure of Operations

The Foundation excludes museum development costs from its measure of operations.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Support and Revenue Recognition

Contributions and grants, including promises to give, are recorded at fair value and recognized as revenue when received or pledged unconditionally. Grants and contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. The Foundation reports donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions.

Pledges Receivable

Pledges receivable are reported at their fair values. The fair value measurements also include consideration of the donor's credit risk. An allowance for uncollectible pledges is estimated based on the Foundation's collection history and recorded as a charge to bad debt and the valuation allowance during the fiscal year when the allowance is determined necessary.

Cash Equivalents

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are carried at their fair value or, if donated, at the estimated fair value on the date of the gift. Realized and unrealized gains and losses are included in the statement of activities as increases or decreases in net assets without donor restrictions, unless donor or relevant laws place restrictions on these gains and losses. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale. Purchases and sales of securities are recorded on a trade-date basis.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Investments *(continued)*

The Foundation employs the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. ASC 820 defines fair value, requires disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an assets or liability at the measurement date. Fair value of investments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs are prioritized according to the valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs), and the lowest priority is given to measurements involving insignificant unobservable inputs (Level 3 inputs).

The three levels are as follows:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2: Pricing inputs are those other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3: Pricing inputs are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation.

Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Investment Income and Investment Management Fees

Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments. Changes in net unrealized gains and losses are calculated based on the change in the difference between the cost and the fair values of investments at June 30 of the current year compared to the cost and the fair values of investments at June 30 of the prior year. Gains and losses on investment transactions are reflected in changes in net assets without donor restrictions and net assets with donor restrictions. No material investment income pertains to operating investments. Investment management fees of \$34,894 and \$37,289 have been incurred for the years ended June 30, 2022 and 2021, respectively, and are netted against investment income as reflected in the accompanying statement of activities.

Fundraising Events

Fundraising events revenue is net of direct benefit to donor costs, consisting of meals, entertainment, and other costs totaling \$7,736 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are recorded at cost or the fair value at the date of donation. Depreciation of property and equipment is provided for on a straight-line basis over the estimated useful lives of the respective assets, while leasehold improvements are amortized over their estimated useful lives or the term of the lease, whichever is shorter. Works of art are valued at cost and are not depreciated. Depreciation begins on construction in progress once assets are placed into service.

The Foundation evaluates impairment on long-lived assets, which are held for use, whenever events or circumstances indicate that impairment may exist. An impairment loss is recorded if the net carrying value of the assets exceeds the undiscounted future net operating cash flows attributable to the asset. The impairment loss recognized equals the excess of net carrying value over the related fair value of the assets. Management has determined that long-lived assets were not impaired at June 30, 2022 and 2021.

Inventory

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

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Functional Allocation of Expenses

Costs associated with providing the Foundation's programs and other activities have been summarized on a functional basis in the statement of activities, which includes all expenses incurred during the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as a public charitable organization described in Section 501(c)(3) and, accordingly, is exempt from Federal income taxes under Section 501(a) of the IRC. It has been classified as a "publicly supported, not-for-profit national organization." Additionally, since the Foundation is publicly supported, all contributions qualify for the maximum charitable contribution deduction under the IRC. The Foundation is also exempt from New York State and New York City income tax.

Uncertain Tax Positions

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Foundation. The financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2022, there were no uncertain tax positions taken or expected to be taken. The Foundation has recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2019.

Summarized Financial Information

The amounts shown for the year ended June 30, 2021 in the accompanying financial statements are summarized totals that were included to provide a basis for comparison with 2022. Accordingly, the 2021 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP.

In-kind Contributions

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

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Interpretation of Relevant Law

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

Adopted Accounting Pronouncements

During fiscal year 2021, the Foundation adopted FASB ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 required an entity to recognize revenue based on the value of transferred goods or services as they occurred in the contract. ASU 2014-09 also required additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The majority of the Foundation's revenue is generated via contributions and grants, including promises to give, as well as investment income. The scope of this ASU excludes contributions and collaborative arrangements since they are not viewed to be contracts with customers. As such, based on the above, the adoption of ASU 2014-09 has no impact to the current revenue recognition policies.

Accounting Pronouncements Yet to Be Adopted

The FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires recognition of (a) a lease asset (right of use) and lease liability, initially measured at the present value of the least payments, in the statement of financial position and (b) a single lease cost, calculated so that the cost of the lease is allocated over the lease term generally on a straight-line basis. All cash payments are to be classified within operating activities in the statement of cash flows. The amendments are effective for the Foundation's fiscal year ending June 30, 2023, with early adoption permitted. This ASU will impact the accounting for the Foundation's lease arrangements when it is adopted.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 3 CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents in financial institutions, which may exceed federally insured limits. Management regularly monitors the Foundation's cash balances with a view to minimizing its credit risk.

During fiscal 2022 and 2021, six donors contributed a total of \$3,359,701 and eight donors contributed \$3,386,040, respectively. The amounts represent 41% and 48%, respectively, of fiscal 2022 and 2021 contributions and grants revenue. Also, during fiscal 2022 and 2021, four donors contributed \$1,000,000 and one donor contributed a total of \$1,000,000, respectively, toward the Foundation's Legacy Campaign. The amounts represent 96% and 79%, respectively, of fiscal 2022 and 2021 legacy campaign revenue.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 3,327,982	\$ 3,327,982
Furniture and equipment	1,055,471	1,004,927
Computer software	64,189	64,189
Application design	641,740	616,240
Artwork	<u>125,735</u>	<u>50,735</u>
Total	5,215,117	5,064,073
<i>Less: Accumulated depreciation and amortization</i>	<u>3,909,515</u>	<u>3,624,160</u>
Total	1,305,602	1,439,913
Construction in progress	<u>19,575,689</u>	<u>6,850,459</u>
Property and equipment, net	<u>\$ 20,881,291</u>	<u>\$ 8,290,372</u>

Depreciation and amortization expenses on property and equipment for the years ended June 30, 2022 and 2021 was \$319,074 and \$303,772, respectively.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 5 INTANGIBLE ASSET

In June 2014, the Foundation entered into an agreement to license the rights to use select photos developed and owned by another company. The purchase price paid for the license was \$8,416 in cash, which represents its fair value. In January 2018, the Foundation also installed graphics on the windows of the museum at a cost of \$64,265. In 2019, the Foundation purchased additional license rights to use selected photos for \$31,500. In 2022, the Foundation again purchased additional license rights to use selected photos for \$135,200. The amount has been recorded as an intangible asset in the accompanying statement of financial position and is being amortized over five - ten years, the period of its estimated benefit. Amortization expense at June 30, 2022 and 2021 was \$33,718 and \$19,153, respectively. Accumulated amortization was \$112,446 and \$78,728 for the years ended June 30, 2022 and 2021, respectively. Estimated total amortization for the next nine years will be \$126,935.

NOTE 6 ENDOWMENT FUND

In 1986, the Board established a permanent endowment fund consisting of Board-designated net assets by which the capital of the endowment would be retained and invested and there would be no withdrawal of capital, except upon approval of the Board. The earnings from the endowment's investments may be used upon the Board's approval for the Foundation's operations.

In 1992, the Board established an endowed scholarship fund, whereby donors specified that the capital of their contribution for the endowed scholarship fund would be retained and invested and the earnings from the investments would be used to provide four-year scholarships through the Foundation's programs.

In 1996, the Board established the Spike Lee Youth Motivation Achievement Award Fund. Contributions made to this fund are donor restricted and would be used for the purpose of supporting an annual cash award to a Foundation scholar with the most outstanding community service involvement.

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

The Board determined that its endowment use policy is consistent with New York Prudent Management of Institutional Funds Act (NYPMIFA) statute requirements.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 6 ENDOWMENT FUND (continued)

Endowments as of June 30, 2022 and 2021 consisted of the following net asset balances:

	<u>2022</u>	<u>2021</u>
<i>Without Donor Restrictions</i>		
<i>Board-designated</i>		
Permanent endowment fund	\$ 5,369,806	\$ 5,630,835
Commemorative coin fund	<u>419,840</u>	<u>418,728</u>
Total without donor restrictions	<u>5,789,646</u>	<u>6,049,563</u>
<i>With Donor Restrictions</i>		
Endowed scholarship fund	3,753,217	4,024,364
Spike Lee Youth Motivation Achievement Award Fund	<u>48,367</u>	<u>56,312</u>
Total with donor restrictions	<u>3,801,584</u>	<u>4,080,676</u>
Total	<u>\$ 9,591,230</u>	<u>\$ 10,130,239</u>

Changes in endowment fund net assets for the fiscal years ended June 30, 2022 and 2021, respectively, were as follows:

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 6,049,563	\$ 4,080,676	\$ 10,130,239
Contributions	8	52,105	52,113
<i>Investment return</i>			
Investment income (net)	31,182	81,969	113,151
Net realized/unrealized losses	<u>(249,193)</u>	<u>(413,166)</u>	<u>(662,359)</u>
Total investment return	<u>(218,011)</u>	<u>(331,197)</u>	<u>(549,208)</u>
Appropriated for scholarship payments	-	-	-
Scholarship payments made	-	-	-
Payment made on credit line	<u>41,914</u>	<u>-</u>	<u>41,914</u>
Endowment assets, end of year	<u>\$ 5,789,646</u>	<u>\$ 3,801,584</u>	<u>\$ 9,591,230</u>

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

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

	Without Donor Restrictions	2021 With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 6,881,335	\$ 3,772,155	\$ 10,653,490
Contributions	489	18,150	18,639
<i>Investment return</i>			
Investment income (net)	33,007	60,236	93,243
Net realized/unrealized losses	226,732	230,135	456,867
Total investment return	259,739	290,371	550,110
Appropriated for scholarship payments	-	-	-
Scholarship payments made	-	-	-
Payment made on credit line	1,092,000	-	1,092,000
Endowment assets, end of year	\$ 6,049,563	\$ 4,080,676	\$ 10,130,239

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include Board-designated funds that the Foundation must retain. Under this policy, as approved by the Board, the endowment assets are invested in a manner intended to maintain the level of programs and services currently provided while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a rate of return of approximately 4% in excess of the Consumer Price Index annually. Actual returns in any given year may vary from this percentage.

Strategies Employed for Achieving Objectives

To satisfy the long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 6 ENDOWMENT FUND (continued)Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment fund is considered a permanent fund; therefore, the investment objectives require disciplined and consistent management philosophies to accommodate all relevant, reasonable, and probable events. Thus, total rate-of-return and spending rate objectives are reviewed periodically, consistent with the Foundation's objective to maintain the purchasing power of the current assets and all future contributions. There is no specific spending rate established by the Foundation.

NOTE 7 PLEDGES RECEIVABLE, NET

Pledges receivable consisted of amounts to be received as follows:

	June 30	
	2022	2021
Pledges receivable due less than 1 year	\$ 4,450,625	\$ 6,582,625
Pledges receivable due from 1-5 years	3,739,375	5,921,875
Pledges receivable after 5 years	-	-
	8,190,000	12,504,500
Fair value adjustment	(135,175)	(207,021)
Total pledges receivable, net	\$ 8,054,825	\$ 12,297,479

Amounts due in more than one year are adjusted to fair value using present value techniques that assume a discount rate of between 1% and 4% and in 2022 and 2021.

The Foundation has three conditional grants totaling \$5,000,000, which contain donor conditions based on the completion of the museum and education center. Since the grant represents a conditional promise to give, it will not be recorded as contribution revenue until the donor conditions are met. As of June 30, 2022 and 2021, \$3,750,000 and \$3,750,000, respectively, of the conditions had been met due to the completion of the education center; accordingly, contributions revenue was recorded in the years the conditions were met. The remaining \$1,250,000 will be recognized upon completion of the museum based on provisions specified in the grant agreement.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 8 INVESTMENTS

Investments held by the Foundation at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
<i>At fair value</i>		
U.S. Government obligations	\$ 891,929	\$ 953,820
Corporate stocks	1,638,841	1,948,507
Corporate bonds	470,090	810,899
Mutual funds	1,708,206	2,019,893
Real estate	100,000	100,000
Money market funds	<u>212,367</u>	<u>84,623</u>
Total investments	<u>\$ 5,021,433</u>	<u>\$ 5,917,742</u>

The following valuation methodologies were used for assets measured at fair value:

Mutual funds and money market funds—Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Government obligations—Valued at the closing price reported on the markets not actively traded.

Corporate bonds and corporate stocks—Valued based on information provided by an independent pricing service that uses information gathered from market sources and integrates relative infrequent information, market movements and sector news into an evaluated pricing application and model.

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

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 8 INVESTMENTS (continued)

The following tables set forth, by level within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2022 and 2021, respectively:

	Level 1	Level 2	Level 3	2022 Total
Interest-bearing cash	\$ 90,241	\$ -	\$ -	\$ 90,241
U.S. Government obligations	-	891,929	-	891,929
Corporate stocks	1,637,063	1,778	-	1,638,841
Corporate bonds	-	470,090	-	470,090
<i>Mutual funds</i>				
U.S. equity	980,307	-	-	980,307
U.S. fixed income	727,899	-	-	727,899
Real estate	-	-	100,000	100,000
Money market funds	212,367	-	-	212,367
	<u>\$ 3,647,877</u>	<u>\$ 1,363,797</u>	<u>\$ 100,000</u>	<u>\$ 5,111,674</u>
	Level 1	Level 2	Level 3	2021 Total
Interest-bearing cash	\$ 125,629	\$ -	\$ -	\$ 125,629
U.S. Government obligations	-	953,820	-	953,820
Corporate stocks	1,946,729	1,778	-	1,948,507
Corporate bonds	-	810,899	-	810,899
<i>Mutual funds</i>				
U.S. equity	1,274,937	-	-	1,274,937
U.S. fixed income	744,956	-	-	744,956
Real estate	-	-	100,000	100,000
Money market funds	84,623	-	-	84,623
	<u>\$ 4,176,874</u>	<u>\$ 1,766,497</u>	<u>\$ 100,000</u>	<u>\$ 6,043,371</u>

Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. For the years ended June 30, 2022 and 2021, there were no transfers in or out of Level 1, 2 or 3.

There were no changes in fair value of the Foundation's Level 3 assets for the year ended June 30, 2022.

In estimating the fair value of investments in Level 3, the Foundation may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, the Foundation evaluates a variety of factors, including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 8 INVESTMENTS (continued)

The composition of investments at June 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Operating	\$ 101,778	\$ 101,778
Endowment	<u>4,919,655</u>	<u>5,815,964</u>
Total investments	<u>\$ 5,021,433</u>	<u>\$ 5,917,742</u>

As discussed in Notes 9 and 10, the Foundation's investments provide collateral for the line of credit at June 30, 2022 and 2021 of \$3,121,672 and \$3,358,064, respectively, and a letter of credit at June 30, 2022 and 2021 of \$362,000 and \$362,000, respectively.

NOTE 9 REVOLVING LOAN AND CREDIT LINE PAYABLE

The Foundation has a revolving line of credit with a bank under which the Foundation may borrow up to 50% of the agreed-upon collateral value of its investments portfolio at the bank's LIBOR rate plus 50 basis points, which was 0.59% and 0.60% at June 30, 2022 and 2021, respectively. Amounts outstanding under this line of credit at June 30, 2022 and 2021 were \$3,121,672 and \$3,358,064, respectively. Interest expense on the credit line payable was \$25,197 and \$37,745 for the years ended June 30, 2022 and 2021, respectively. The Foundation's investments provide collateral for this line of credit.

NOTE 10 COMMITMENTS

Lease

On February 20, 2007, the Foundation entered into a non-cancellable lease agreement for its administrative offices and to provide space for a museum and education center. The lease contains provisions for future rent increases and rent-free periods, during which times rent payments are abated. The period of this lease is from May 1, 2007 through April 30, 2027. The total amount of rental payments due over the lease period is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent obligation," and is reflected in the accompanying statement of financial position.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 10 COMMITMENTS (continued)

Lease (continued)

On May 25, 2011, the landlord granted the Foundation a temporary restructuring of its lease obligation to defer partial payments in the amount of \$26,999 per month for the period July 1, 2011 through April 30, 2012 and \$30,162 per month for the period May 1, 2012 through June 30, 2012. The aggregate deferred rent of \$330,321 is to be repaid by the Foundation, in addition to all fixed rent and additional rent otherwise payable under the lease, over the balance of the term of the lease, on the first day of each month commencing on July 1, 2013 and ending on April 1, 2027, in equal installments of \$1,990.

On March 20, 2020, the Foundation amended its lease agreement to lease additional space from the landlord for the museum through the expiration date of the current lease agreement. The Foundation will pay the landlord \$185,410 annually (\$15,534 per month) for the additional space, through April 30, 2022, and \$199,725 annually (\$16,644 per month) for the period May 1, 2022 through April 30, 2027, which is the expiration date of the lease agreement.

At June 30, 2022, minimum lease rental payments under the non-cancellable operating lease for the rental of office and museum space are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 1,631,013
2024	1,636,386
2025	1,643,095
2026	1,654,740
2027	1,382,952
Thereafter	-
Total minimum lease payments	<u>\$ 7,948,186</u>

The lease agreement also provides for a security deposit of \$362,000, which is evidenced by a letter of credit collateralized by the Foundation's investments. The security amount decreases periodically over a 15-year period to the amount of \$250,000.

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

During fiscal years 2022 and 2021, the Foundation's occupancy costs were \$2,176,058 and \$2,055,377, respectively, of which \$942,034 and \$896,096, respectively, were related to museum development costs.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 10 COMMITMENTS *(continued)*

Scholarships

The Foundation intends to provide continuing support for recipients of scholarships who demonstrate satisfactory academic progress until completion of their four-year degree. As of June 30, 2022, and 2021, the Foundation estimates that the future aggregate commitment to recipients is \$2,571,811 and \$1,770,811, respectively.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$37,572,953 and \$36,950,201 at June 30, 2022 and 2021, respectively, are to support the museum, education, and leadership development program services.

The composition of net assets with donor restrictions at June 30, 2022, and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Museum	\$ 23,700,514	\$ 22,639,854
Scholarships	10,070,855	10,229,671
Endowed scholarships	<u>3,801,584</u>	<u>4,080,676</u>
Total net assets with donor restrictions	<u>\$ 37,572,953</u>	<u>\$ 36,950,201</u>

Net assets released from donor restrictions based on the satisfaction of purpose and time restrictions during the years ended June 30, 2022, and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Museum	\$ 1,000,000	\$ 200,000
Scholarships	<u>3,401,009</u>	<u>5,275,594</u>
	<u>\$ 4,401,009</u>	<u>\$ 5,475,594</u>

NOTE 12 RETIREMENT PLAN

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

The retirement plan is a non-contributory, defined-contribution plan covering all eligible employees working at least 1,000 hours per year who have completed one year of employment. The Foundation contributes an amount up to 6% of the participating employee's base salary.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 12 RETIREMENT PLAN (continued)

Additional amounts may be voluntarily contributed under a salary reduction agreement to the tax-deferred supplemental annuity plan.

During fiscal years 2022 and 2021, the Foundation's retirement plan expense was \$93,806 and \$112,289, respectively.

NOTE 13 FUNDRAISING EVENTS

Fundraising events for the years ended June 30, 2022 were as follows:

	<u>Award Dinner</u>	<u>Other</u>	<u>2022 Total</u>
Fundraising revenue	\$ -	\$ -	\$ -
Less: Direct benefit to donor costs	<u>-</u>	<u>7,736</u>	<u>7,736</u>
Fundraising events, net	<u>\$ -</u>	<u>\$ (7,736)</u>	<u>\$ (7,736)</u>

There were no fundraising events held during the year ended June 30, 2021.

NOTE 14 MUSEUM DEVELOPMENT COSTS

The Foundation is currently building the Jackie Robinson Museum to expand its outreach in continuing Jackie Robinson's legacy. During the years ended June 30, 2022 and 2021, the Foundation incurred \$942,034 and \$896,096, respectively, in occupancy costs for the space designated for the museum. Other costs incurred for the construction of the museum were capitalized as "construction in progress," and are reflected within property and equipment in the accompanying statement of financial position.

NOTE 15 IN-KIND CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
<i>Professional and consultant fees</i>		
Supporting services	<u>\$ 82,350</u>	<u>\$ 114,400</u>
Total	<u>\$ 82,350</u>	<u>\$ 114,400</u>

The organization did not receive merchandise for program services for the years ended June 30, 2022 and 2021.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 16 FINANCIAL ASSETS (DEFICIT) AND LIQUIDITY

The Foundation monitors its liquidity to be able to meet its operating needs and other contractual commitments. Financial assets (deficit) available for general expenditure, excluding amounts restricted by donors, within one year of the statement of financial position date are comprised of the following:

Financial assets available for general expenditure within one year of the statement of financial position date is comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 172,055	\$ 3,377,765
Pledges receivable	4,450,625	6,582,625
Other receivable	<u>1,109,062</u>	<u>67,657</u>
	<u>\$ 5,731,742</u>	<u>\$ 10,028,047</u>

As part of the Foundation's liquidity management plan, the Foundation monitors its spending closely. The Foundation expends funds based on a Board of Directors-approved annual budget and cash flow analyses are utilized to help ensure shortfalls are minimized and immediate financial obligations are met. In the event of unanticipated liquidity needs, the Foundation has a line of credit facility available as well as the Board-designated funds in the amount of \$5.8 million that could be released.

NOTE 17 PAYROLL PROTECTION LOAN/GRANT

In April 2020, the Foundation received a forgivable loan of \$350,000 through the U.S. Small Business Administration (SBA) Paycheck Protection Program. On August 3, 2021 the Foundation was granted a SBA notice of Paycheck Protection Program Forgiveness payment of \$350,000 in principal and \$4,373 in interest by SBA as authorized by Section 1106 of the Cares Act.

NOTE 18 CONSTRUCTION BRIDGE LOAN AGREEMENT

On May 4, 2021, the Foundation entered into a Construction Bridge Loan Agreement with Goldman Sachs Bank, USA to provide working capital up to \$10,321,000 (the Loan). The Loan is for completion of construction of the Jackie Robinson Museum (the Museum) and matures on May 3, 2025. The interest rate on the Loan is the one-month LIBOR rate (or equivalent future benchmark) plus 1.65% per year and the default rate is 12%. The Loan has several provisions regarding the construction of the Museum with current and future designated pledges serving as collateral for the Loan. The Loan is further guaranteed by a prominent individual of high net worth. As of June 30, 2022, the Foundation drawdowns totaled \$2,845,280 funds from the Bridge Loan.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Financial Statements

For the Year Ended June 30, 2022

NOTE 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 15, 2023, the date the financial statements were approved and available for issuance. Management has determined that no items require disclosure through to the aforementioned date, except for the following:

The Jackie Robinson Museum opened on July 26, 2022.

**SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORTS**

JACKIE ROBINSON FOUNDATION, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2022

<u>Federal/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Major Program				
U.S. Department of Housing and Urban Development				
<i>Pass-Through Grantor</i>				
<i>Empire State Development Corporation</i>				
Community Development Block Grants/State's Program and Non Entitlement Grant in New York Settlement Funds program (01/01/21 - 12/31/2022)	14.228	N/A	\$ -	\$ 1,000,000
Total expenditures of Federal awards			<u>\$ -</u>	<u>\$ 1,000,000</u>

The accompanying notes are an integral part of this schedule.

JACKIE ROBINSON FOUNDATION, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant and contract activity of the Jackie Robinson Foundation, Inc. (the Foundation) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Since the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to, and it does not, present the financial position, changes in net assets, or cash flows of the Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Jackie Robinson Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Jackie Robinson Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2022, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Foundation’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell Titus, LLP

May 15, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors of
Jackie Robinson Foundation, Inc.

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Jackie Robinson Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2022. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



MITCHELL TITUS

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mitchell Titus, LLP

May 15, 2023

JACKIE ROBINSON FOUNDATION, INC.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

PART I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued (unmodified, qualified, adverse, or disclaimer):

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
None reported
- Significant deficiency(ies) identified? Yes X reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
None reported
- Significant deficiency(ies) identified? Yes X reported

Type of auditor’s report issued on compliance for major federal programs (unmodified, qualified, adverse, or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X Yes No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

 Yes X No

JACKIE ROBINSON FOUNDATION, INC.

Schedule of Findings and Questioned Costs (*continued*)

For the Year Ended June 30, 2022

PART II—FINANCIAL STATEMENTS FINDINGS

No matters were reported.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022–001: Late Submission of Reporting Package

Criteria

2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, Section 200.512, Report submission, states “(a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.”

Condition

Jackie Robinson Foundation, Inc. did not submit its Single Audit Package in a timely manner as required by federal regulations.

Cause

Discussions with management indicate that the time frame between contract execution, December 22, 2022, and the required filing date of March 31, 2023, was too short to ensure meeting the March 31, 2023 filing date.

Effect

The late submission of the Single Audit Package is a violation of federal regulations and impairs grantor agencies' ability to monitor federally funded program. As a result, Jackie Robinson Foundation, Inc. is designated a high-risk auditee until it accomplishes timely submission of its Single Audit Package for two consecutive years.

Questioned Costs

None.

Context

The federal reporting deadline for Jackie Robinson Foundation, Inc.'s Single Audit Reporting Package for the year ended June 30, 2022 was March 31, 2023. As of the audit report date, the Foundation had not yet submitted its Single Audit Reporting Package.

JACKIE ROBINSON FOUNDATION, INC.

Schedule of Findings and Questioned Costs (*continued*)

For the Year Ended June 30, 2022

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (*continued*)

Finding 2022–001: Late Submission of Reporting Package (*continued*)

Identification of Repeating Finding

None.

Recommendation

We recommend the Jackie Robinson Foundation, Inc. implement procedures to ensure timely completion and submission of its Single Audit Reporting Package in accordance with 2 CFR Part 200.512.

Views of Responsible Officials and Planned Corrective Action

The Jackie Robinson Foundation, Inc. agrees with the finding and recommendation. See the Foundation's Corrective Action Plan on page 39.

PART IV—CORRECTIVE ACTION PLAN

The Foundation's corrective action plan is on page 39.



May 15, 2023

Corrective Action Plan

Finding 2022-001: Late Submission of Reporting Package

Auditor's Recommendation: *We recommend Jackie Robinson Foundation, Inc. implement procedures to ensure timely completion and submission of its Single Audit Reporting Package in accordance with 2 CFR Part 200.512.*

Mitchell & Titus, LLP
80 Pine Street, Suite 3220
New York, NY 10005
Re: Jackie Robinson Foundation, Inc.

This letter serves as a formal response and corrective action plan related to the single audit finding on May 15, 2023.

The Jackie Robinson Foundation executed its sub-recipient agreement with the Lower Manhattan Development Corporation for a grant of \$1 million on December 15, 2022. This did not leave sufficient time to meet the required filing deadline of March 31, 2023. Management quickly secured the required documents and provided them as they became available.

Given the situation we were able to successfully complete the audit with no findings other than a finding resulting from the organization being delayed in meeting the deadline. Our corrective action will focus on early identification of all federally sourced revenue to allow for adequate time to complete the audit.

In FY23, the leadership team is focused on closing the fiscal year in a timelier manner and is implementing new financial processes to reduce the time needed to close the year for a faster turnaround on the fieldwork and ensure procurement of the auditor's timeline earlier. Because of these changes, we are confident that we will have our FY23 audit submitted before the due date next year. La'Tonya Johnson, Vice President and Chief Operations Officer is the contact person for this corrective action.

Implementation Date: FY23 fiscal year, expected full implementation for the year ended June 30, 2023, audit.

Responsible Person: La'Tonya Johnson, Vice President and Chief Operations Officer

One Hudson Square
75 Varick Street
2nd Floor
New York, NY 10013-1917
T 212.290.8600 | F 212.290.8081
www.jackierobinson.org

