

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Goochland, Virginia

COMBINED FINANCIAL STATEMENTS

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Elk Hill Farm, Inc. and Elk Hill Farm Foundation
Goochland, Virginia

Report on the Financial Statements

We have audited the accompanying combined financial statements of Elk Hill Farm, Inc. and Elk Hill Farm Foundation which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 9, 2017

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statements of Financial Position

June 30, 2017 and 2016

Assets	2017	2016
Current Assets		
Cash	\$ 1,907,543	\$ 1,765,055
Accounts receivable, net	793,475	1,205,128
Pledges receivable, net	213,495	247,196
Employee and other receivables	1,300	1,800
Prepaid expenses	57,380	66,052
Total current assets	<u>\$ 2,973,193</u>	<u>\$ 3,285,231</u>
Property and Equipment,		
less accumulated depreciation	<u>\$ 3,856,562</u>	<u>\$ 4,095,811</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 289,826	\$ 356,195
Long-term investments	6,442,720	6,016,070
Security deposits	15,265	18,532
Cash surrender value of life insurance policies	219,906	197,001
Total other assets	<u>\$ 6,967,717</u>	<u>\$ 6,587,798</u>
Total assets	<u>\$ 13,797,472</u>	<u>\$ 13,968,840</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 126,434	\$ 88,690
Accrued expenses	257,579	281,219
Total current liabilities	<u>\$ 384,013</u>	<u>\$ 369,909</u>
Long-Term Liabilities,		
deferred compensation	<u>\$ 219,906</u>	<u>\$ 197,001</u>
Net Assets		
Unrestricted:		
Undesignated	\$ 6,612,160	\$ 6,472,619
Designated by board	2,262,962	2,225,403
Temporarily restricted	1,975,296	2,389,484
Permanently restricted	2,343,135	2,314,424
Total net assets	<u>\$ 13,193,553</u>	<u>\$ 13,401,930</u>
Total liabilities and net assets	<u>\$ 13,797,472</u>	<u>\$ 13,968,840</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Activities

Year Ended June 30, 2017

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 649,719	\$ 556,624	\$ 28,711	\$ 1,235,054
Tuition assistance and fees	5,107,572	--	--	5,107,572
Interest and dividends	132,069	13,352	--	145,421
Medicaid income	3,527,845	--	--	3,527,845
Unrealized and realized gains	<u>486,102</u>	<u>49,142</u>	<u>--</u>	<u>535,244</u>
	\$ 9,903,307	\$ 619,118	\$ 28,711	\$ 10,551,136
Net assets released from restrictions:				
Satisfaction of restrictions for property and equipment	103,473	(103,473)	--	--
Satisfaction of time restriction	387,552	(387,552)	--	--
Satisfaction of program restrictions	<u>542,281</u>	<u>(542,281)</u>	<u>--</u>	<u>--</u>
Total support and revenue	<u>\$ 10,936,613</u>	<u>\$ (414,188)</u>	<u>\$ 28,711</u>	<u>\$ 10,551,136</u>
Expenses:				
Program services:				
Community services	\$ 2,966,792	\$ --	\$ --	\$ 2,966,792
Schools	3,334,128	--	--	3,334,128
Residential services	<u>3,422,207</u>	<u>--</u>	<u>--</u>	<u>3,422,207</u>
Total program services	<u>\$ 9,723,127</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,723,127</u>
Supporting services:				
Management and general	\$ 709,963	\$ --	\$ --	\$ 709,963
Fundraising	<u>326,423</u>	<u>--</u>	<u>--</u>	<u>326,423</u>
Total supporting services	<u>\$ 1,036,386</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,036,386</u>
Total expenses	<u>\$ 10,759,513</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,759,513</u>
Change in net assets	\$ 177,100	\$ (414,188)	\$ 28,711	\$ (208,377)
Net assets, beginning of year	<u>8,698,022</u>	<u>2,389,484</u>	<u>2,314,424</u>	<u>13,401,930</u>
Net assets, end of year	<u>\$ 8,875,122</u>	<u>\$ 1,975,296</u>	<u>\$ 2,343,135</u>	<u>\$ 13,193,553</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Activities

Year Ended June 30, 2016

	2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 629,096	\$ 1,283,810	\$ 78,839	\$ 1,991,745
Tuition assistance and fees	5,050,500	--	--	5,050,500
Interest and dividends	176,715	19,256	--	195,971
Medicaid income	3,162,574	--	--	3,162,574
Change in value of split interest agreement	433	--	--	433
Unrealized and realized (losses)	<u>(232,731)</u>	<u>(25,360)</u>	<u>--</u>	<u>(258,091)</u>
	\$ 8,786,587	\$ 1,277,706	\$ 78,839	\$ 10,143,132
Net assets released from restrictions:				
Satisfaction of restrictions for property and equipment	52,522	(52,522)	--	--
Satisfaction of time restriction	142,892	(142,892)	--	--
Satisfaction of program restrictions	<u>773,113</u>	<u>(773,113)</u>	<u>--</u>	<u>--</u>
Total support and revenue	<u>\$ 9,755,114</u>	<u>\$ 309,179</u>	<u>\$ 78,839</u>	<u>\$ 10,143,132</u>
Expenses:				
Program services:				
Community services	\$ 2,764,192	\$ --	\$ --	\$ 2,764,192
Schools	3,443,820	--	--	3,443,820
Residential services	<u>3,332,662</u>	<u>--</u>	<u>--</u>	<u>3,332,662</u>
Total program services	<u>\$ 9,540,674</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,540,674</u>
Supporting services:				
Management and general	\$ 654,942	\$ --	\$ --	\$ 654,942
Fundraising	<u>323,919</u>	<u>--</u>	<u>--</u>	<u>323,919</u>
Total supporting services	<u>\$ 978,861</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 978,861</u>
Total expenses	<u>\$ 10,519,535</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,519,535</u>
Change in net assets	<u>\$ (764,421)</u>	<u>\$ 309,179</u>	<u>\$ 78,839</u>	<u>\$ (376,403)</u>
Net assets, beginning of year, before reclassification	\$ 9,612,443	\$ 1,930,305	\$ 2,235,585	\$ 13,778,333
Reclassification	<u>(150,000)</u>	<u>150,000</u>	<u>--</u>	<u>--</u>
Net assets, beginning of year, after reclassification	<u>\$ 9,462,443</u>	<u>\$ 2,080,305</u>	<u>\$ 2,235,585</u>	<u>\$ 13,778,333</u>
Net assets, end of year	<u>\$ 8,698,022</u>	<u>\$ 2,389,484</u>	<u>\$ 2,314,424</u>	<u>\$ 13,401,930</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ (208,377)	\$ (376,403)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	416,710	417,620
Loss (gain) on sale of assets	33,123	(554)
Unrealized and realized (gain) loss on investments	(535,244)	258,091
Change in value of split interest agreement	--	(433)
Change in cash surrender value of life insurance	(22,905)	(21,855)
(Increase) decrease in operating assets:		
Accounts receivable and other receivables	412,153	(118,060)
Pledges receivable	100,070	449,926
Prepaid expenses	8,672	15,375
Security deposits	3,267	(8,733)
Increase (decrease) in operating liabilities:		
Accounts payable	37,744	(3,135)
Accrued expenses	(23,640)	7,664
Deferred compensation	22,905	21,855
Net cash provided by operating activities	\$ 244,478	\$ 641,358
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (211,739)	\$ (314,102)
Proceeds from the sale of property and equipment	1,155	450
Purchase of investments	(1,302,811)	(816,009)
Reinvested dividend and capital gain distributions	237,977	(336,608)
Proceeds from the sale of investments	1,173,428	774,984
Net cash (used in) investing activities	\$ (101,990)	\$ (691,285)
Net increase (decrease) in cash	\$ 142,488	\$ (49,927)
Cash		
Beginning of year	1,765,055	1,814,982
End of year	\$ 1,907,543	\$ 1,765,055

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services				Supporting Services		
	Community Services	Schools	Residential Services	Total	Management and General	Fundraising	Total
Salaries	\$ 2,207,977	\$ 2,049,673	\$ 2,091,583	\$ 6,349,233	\$ 370,917	\$ 213,810	\$ 6,933,960
Employee health and retirement plan costs	187,950	236,671	298,100	722,721	57,492	16,659	796,872
Workers comp	47,280	55,953	53,348	156,581	7,418	5,755	169,754
Payroll taxes	167,782	153,261	158,821	479,864	40,801	14,964	535,629
Total salaries, benefits and taxes	\$ 2,610,989	\$ 2,495,558	\$ 2,601,852	\$ 7,708,399	\$ 476,628	\$ 251,188	\$ 8,436,215
Allowances	--	--	4,344	4,344	--	--	4,344
Clothing and personal	--	1,115	6,992	8,107	--	--	8,107
Professional services	60,867	51,151	103,329	215,347	24,900	15,308	255,555
Educational supplies	14	60,892	2,322	63,228	--	--	63,228
Utilities	22,915	77,484	81,818	182,217	--	1,633	183,850
Food	26,866	115,492	123,255	265,613	5,240	1,180	272,033
House supplies	--	24	14,188	14,212	--	--	14,212
Insurance	--	100	(229)	(129)	127,868	--	127,739
Maintenance	34,468	101,128	128,314	263,910	--	4,704	268,614
Work pay	--	2,095	16,397	18,492	--	--	18,492
Medical and dental	1,640	874	13,695	16,209	--	--	16,209
Miscellaneous	1,650	1,504	2,224	5,378	--	320	5,698
Postage	1,295	2,045	2,215	5,555	--	1,555	7,110
Printing	935	27	4,158	5,120	2,218	23,447	30,785
Recreation	25,881	14,670	36,895	77,446	--	656	78,102
Rent	24,900	151,317	61,993	238,210	--	--	238,210
Social services	--	--	4,465	4,465	--	--	4,465
Special events	4,548	8,318	8,316	21,182	--	1,031	22,213
Staff development	13,501	22,114	19,649	55,264	9,781	5,464	70,509
Office expenses	12,203	17,624	6,530	36,357	49,733	1,824	87,914
Loss (gain) on sale of assets	--	34,278	--	34,278	(1,155)	--	33,123
Contract transportation	--	2,420	--	2,420	--	--	2,420
Travel and transportation	17,779	23,907	33,843	75,529	14,750	3,377	93,656
Total expenses before depreciation	\$ 2,860,451	\$ 3,184,137	\$ 3,276,565	\$ 9,321,153	\$ 709,963	\$ 311,687	\$ 10,342,803
Depreciation and amortization	106,341	149,991	145,642	401,974	--	14,736	416,710
Total Program and Supporting Services Expenses	<u>\$ 2,966,792</u>	<u>\$ 3,334,128</u>	<u>\$ 3,422,207</u>	<u>\$ 9,723,127</u>	<u>\$ 709,963</u>	<u>\$ 326,423</u>	<u>\$ 10,759,513</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services				Supporting Services		
	Community Services	Schools	Residential Services	Total	Management and General	Fundraising	Total
Salaries	\$ 2,027,639	\$ 2,187,313	\$ 2,009,266	\$ 6,224,218	\$ 303,909	\$ 186,341	\$ 6,714,468
Employee health and retirement plan costs	148,864	241,032	310,240	700,136	47,106	10,106	757,348
Workers comp	54,874	72,336	66,492	193,702	6,078	6,807	206,587
Payroll taxes	157,924	166,914	151,006	475,844	33,430	14,875	524,149
Total salaries, benefits and taxes	\$ 2,389,301	\$ 2,667,595	\$ 2,537,004	\$ 7,593,900	\$ 390,523	\$ 218,129	\$ 8,202,552
Allowances	--	--	4,535	4,535	--	--	4,535
Clothing and personal	--	134	4,321	4,455	--	--	4,455
Professional services	46,916	39,472	98,707	185,095	62,328	39,421	286,844
Educational supplies	34,680	91,349	203	126,232	--	--	126,232
Utilities	22,585	76,705	76,145	175,435	--	2,348	177,783
Food	22,372	142,074	106,622	271,068	3,778	1,667	276,513
House supplies	--	2,174	24,235	26,409	--	--	26,409
Insurance	--	--	--	--	123,963	--	123,963
Maintenance	33,815	80,898	107,461	222,174	--	5,713	227,887
Work pay	--	(136)	18,779	18,643	--	--	18,643
Medical and dental	--	931	15,691	16,622	--	--	16,622
Campaign expenses	1,605	2,663	2,165	6,433	1,112	(33,984)	(26,439)
Postage	941	2,466	1,645	5,052	--	2,796	7,848
Printing	1,142	994	2,938	5,074	2,825	35,741	43,640
Recreation	27,452	11,179	37,601	76,232	--	689	76,921
Rent	24,400	112,856	60,521	197,777	--	--	197,777
Social services	--	280	4,994	5,274	--	--	5,274
Special events	6,041	9,391	9,422	24,854	--	23,936	48,790
Staff development	24,261	13,109	30,863	68,233	15,276	7,839	91,348
Office expenses	9,243	16,014	6,772	32,029	39,871	2,382	74,282
Contract transportation	--	4,170	--	4,170	--	--	4,170
Travel and transportation	16,617	20,636	30,700	67,953	15,266	2,647	85,866
Total expenses before depreciation	\$ 2,661,371	\$ 3,294,954	\$ 3,181,324	\$ 9,137,649	\$ 654,942	\$ 309,324	\$ 10,101,915
Depreciation and amortization	102,821	148,866	151,338	403,025	--	14,595	417,620
Total Program and Supporting Services Expenses	<u>\$ 2,764,192</u>	<u>\$ 3,443,820</u>	<u>\$ 3,332,662</u>	<u>\$ 9,540,674</u>	<u>\$ 654,942</u>	<u>\$ 323,919</u>	<u>\$ 10,519,535</u>

See Notes to Combined Financial Statements.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Elk Hill Farm, Inc. (the Farm) provides residential services, day educational treatment programs and community services to at-risk adolescents from across the Commonwealth of Virginia. Tuition fees are received primarily from social service organizations, courts systems, Medicaid, school systems and charitable organizations.

Elk Hill Farm Foundation (the Foundation) is a charitable foundation that holds investments and receives certain contributions. The Foundation provides support to the Farm through a 5% spending rate contribution. The Foundation Board of Trustees are also members of the Farm Board.

The operations of the Farm and the Foundation have been combined in the accompanying combined financial statements. All inter-organization accounts and transactions have been eliminated. The Farm and the Foundation are referred to herein as the Organization.

Basis of Presentation

Accounting standards establish classifications for net assets, revenues, gains and losses, based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of such assets permit the Organization to use the income earned on the assets.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Fair Value Measurement

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the combined financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active exchange markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The Organization has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models, and periodic re-assessments of models to ensure that they are continuing to perform as designed. The Organization performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2017 and 2016, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its combined financial position or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Long-Term Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Income Tax Status

The Organizations are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue code and comparable state law. In addition, contributions to both qualify for the charitable contribution deduction under Section 170(b)(1)(a). They have been classified as organizations that are not private foundations under Section 509(a)(2).

Accounts Receivable

Accounts receivable from program service fees are recognized based on student attendance records and the standard rates published by Elk Hill and government agencies. The Organization does not accrue interest or fees on overdue receivables. An allowance for doubtful accounts is provided when deemed necessary and is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off when management believes that all reasonable collection efforts have been exhausted.

Management has provided an allowance for \$37,198 and \$54,478 of receivables that it has deemed uncollectible at June 30, 2017 and 2016, respectively. Management has also provided a Medicaid reserve for overpayments of \$40,942 and \$50,682 at June 30, 2017 and 2016, respectively.

Promises to Give

Unconditional promises to give (pledges) are recognized as assets and revenue in the period the promise is received. Promises to give are recorded at net realizable value. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions

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

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets. 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 combined statement of activities as net assets released from restrictions.

Revenue Recognition

Student assistance and fees are recognized when the services have been provided and the related expenses have been incurred.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Long-Term Investments

Investments with readily determinable fair values are reported at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change of net assets in the accompanying combined statements of activities. Realized gains and losses are determined by specific identification using the first in and first out method.

Property and Equipment

Property and equipment are stated at cost or, if donated, at estimated fair market value at date of receipt. Acquisitions of new buildings, equipment, land improvements and major betterments are capitalized. Repairs and maintenance costs are expensed as incurred. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Buildings and leasehold improvements	10-40
Furniture, fixtures and equipment	3-10
Transportation equipment	5-7

Donated Services

The Organization pays for most services requiring specific expertise. However, individuals and businesses volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. These are recorded as support at their estimated fair value. There were no donated services recorded for fiscal year ended 2017. Donated services were \$500 for the fiscal year ended 2016.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct cost as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization in fiscal year ending 2021. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its combined financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Organization in fiscal year ending 2019. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on its combined financial statements.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 2. Concentrations

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and invested cash deposited in a large regional bank and with a brokerage firm.

Money market accounts with the brokerage firm are not insured by the FDIC, but have limited protection provided by the Securities Investor Protection Corporation (SIPC).

Note 3. Pledges Receivable

The Organization projects that donors will remit contributions receivable as follows:

Year ending June 30:

2018	\$ 220,968
2019	227,870
2020	66,881
2021	<u>44,505</u>
	\$ 560,224
Less discount	(34,903)
Less allowance	<u>(22,000)</u>
	<u>\$ 503,321</u>

Note 4. Property and Equipment

Property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 265,229	\$ 265,229
Buildings and leasehold improvements	7,005,946	7,081,365
Furniture, fixtures and equipment	1,085,430	1,052,760
Transportation equipment	<u>583,233</u>	<u>572,583</u>
	\$ 8,939,838	\$ 8,971,937
Less accumulated depreciation	<u>5,083,276</u>	<u>4,876,126</u>
	<u>\$ 3,856,562</u>	<u>\$ 4,095,811</u>

Depreciation and amortization expense for the year totaled \$416,710 and \$417,620 for the years ended June 30, 2017 and 2016, respectively.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 5. Long-Term Investments

Investments are carried at fair value and are summarized as follows as of June 30, 2017 and 2016.

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 115,477	\$ 115,477	\$ 370,965	\$ 370,965
Equities	4,725,620	5,555,762	4,297,880	4,766,019
Bond mutual funds	792,897	771,481	960,882	879,086
	<u>\$ 5,633,994</u>	<u>\$ 6,442,720</u>	<u>\$ 5,629,727</u>	<u>\$ 6,016,070</u>

Note 6. Retirement Plan

The Organization has established a retirement plan for all employees who work more than 20 hours per week. This is a voluntary contributory plan and the Organization matches the employee contribution up to 5% for all employees who work at least a thousand hours per year. Contributions to the plan by the Organization amounted to \$118,407 and \$111,436 for the years ended June 30, 2017 and 2016, respectively.

Note 7. Deferred Compensation

The Organization has established deferred compensation plans for its chief executive officer and chief operating officer that is funded by life insurance policies.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 8. Net Assets

Temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 112,162	\$ 226,075
Property and equipment	752,810	846,284
Unrestricted pledges	115,310	388,836
Program / Innovation fund	132,858	150,000
Education	50,000	--
Culinary arts	10,764	14,873
Charlottesville Day School	11,340	3,840
Accumulated endowment income	140,714	102,908
Education for Employment	134,453	81,775
School based mental health	--	1,245
Ball Cottage renovation	343,541	343,541
Early intervention	26,726	177,848
School Technology	22,943	32,634
Literacy	100,250	--
Other	21,455	19,625
	<u>\$ 1,975,326</u>	<u>\$ 2,389,484</u>

Permanently restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Scholarship endowment	\$ 591,521	\$ 591,146
General endowment	<u>1,751,614</u>	<u>1,723,278</u>
	<u>\$ 2,343,135</u>	<u>\$ 2,314,424</u>

Note 9. Endowment Net Assets

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization classifies permanently restricted net endowment assets to include the original value of gifts donated to the permanent endowment and subsequent gifts to the permanently restricted endowment assets.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Accumulated earnings and realized gains are reported as unrestricted where no donor restrictions or board imposed designations exist. To the extent that endowment assets earn interest and dividends beyond the amount appropriated for expenditure in any given year, the excess is classified as temporarily restricted net assets until appropriated by the Board for expenditure.

The Organization has adopted an investment policy to achieve income and growth through current yield and realized/unrealized capital appreciation. The policy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Organization expects its endowment funds to provide an average rate of return of approximately 4-5% annually. The Organization has adopted a spending policy for distribution each year which allows for up to 5% of the endowment fund's fair market value (averaged over the previous three calendar year ends preceding the current calendar year).

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

	2017			
	Unrestricted			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 2,225,403	\$ 102,908	\$ 2,314,424	\$ 4,642,735
Investment income	--	62,494	--	62,494
Transfer	63,038	--	--	63,038
Contributions	488,148	--	28,711	516,859
Appropriation of endowment assets for expenditure	<u>(513,627)</u>	<u>(24,688)</u>	<u>--</u>	<u>(538,315)</u>
Endowment Net Assets, End of Year	<u>\$ 2,262,962</u>	<u>\$ 140,714</u>	<u>\$ 2,343,135</u>	<u>\$ 4,746,811</u>
	2016			
	Unrestricted			
	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 2,323,769	\$ 131,892	\$ 2,235,585	\$ 4,691,246
Investment (loss)	--	(6,104)	--	(6,104)
Transfer	78,026	--	--	78,026
Contributions	481,965	--	78,839	560,804
Appropriation of endowment assets for expenditure	<u>(658,357)</u>	<u>(22,880)</u>	<u>--</u>	<u>(681,237)</u>
Endowment Net Assets, End of Year	<u>\$ 2,225,403</u>	<u>\$ 102,908</u>	<u>\$ 2,314,424</u>	<u>\$ 4,642,735</u>

Note 10. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated by the amount the programs and supporting services benefited.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 11. Leasing Arrangements

In January 2014, the Organization entered into a three-year lease for the Varina Day School. Payments required are in the amount of \$3,333 per month from January 2014 through December 2016. The lease terminated on March 13, 2017.

In December 2015, the Organization entered into a two-year lease for the Amani House. Payments required are in the amount of \$2,200 per month from January 2016 through December 2016, and \$2,310 per month from January 2017 through December 2017. The lease provides for one renewal period of two years.

In July 2014, the Organization entered into a five-year lease for the Charlottesville School and Community Services. Payments are required in the amount of \$7,000 per month through June 2015, with a 3% rental increase per year. The lease matures June 30, 2019.

In March 2015, the Organization entered into a three-year lease with Richmond Road Moore LLC. Payments are required in the amount of \$2,799 per month through February 2016, with a 3% rental increase per year. The lease provides for an additional one-year renewal.

The Organization opened up a new school located in Staunton, VA starting in fiscal year 2017. The Organization entered into a five-year lease effective July 2016, for the Elk Hill Staunton School. Payments are required in the amount of \$3,266 per month through March 2017, \$4,752 through June 2017 and \$5,940 through June 2018. The lease provides an early termination clause that states after December 2017, the lease can be terminated upon providing six-months written notice.

In February 2017, the Organization entered into a seven-month lease for office space of Carlisle Avenue Baptist Church. The lease expired in August 2017.

Total rent expense under these leases amounted to \$238,210 and \$197,777 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments at June 30, 2017, excluding the renewal periods, are as follows:

Year Ending June 30:	
2018	\$ 201,650
2019	94,543

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 12. Fair Value Measurements

The following table presents the balance of financial assets measured at fair value on a reoccurring basis as of June 30, 2017 and 2016:

	Balance as of June 30, 2017	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Cash	\$ 115,477	\$ 115,477	\$ --	\$ --
Equities	5,555,761	5,555,762	--	--
Bond mutual funds	771,481	771,481	--	--
	<u>\$ 6,442,719</u>	<u>\$ 6,442,720</u>	<u>\$ --</u>	<u>\$ --</u>

	Balance as of June 30, 2016	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Cash	\$ 370,965	\$ 370,965	\$ --	\$ --
Equities	4,766,019	4,766,019	--	--
Bond mutual funds	879,086	879,086	--	--
	<u>\$ 6,016,070</u>	<u>\$ 6,016,070</u>	<u>\$ --</u>	<u>\$ --</u>

Note 13. Outstanding Commitments

On March 16, 2017, the Organization entered into a seven-year service agreement for case management software in the amount of \$284,887. Payments required during this agreement relate to the licensing fee and the monthly service. Required payment for the fiscal year 2018 is \$40,058.

Note 14. Related Party Transaction

The Organization utilizes services of an architectural company owned by a board member. The company received payments in the amount of \$15,000 for the fiscal year ended June 30, 2016 related to the Ball Cottage renovation. No related party transactions requiring disclosure occurred for the year ended June 30, 2017.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 15. Reclassifications

There was a reclassification of the Organization's net assets at June 30, 2015 to reflect a change from unrestricted net assets to temporarily restricted net assets per the donor's request. The net effect is an increase in temporarily restricted net assets of \$150,000 and a decrease in unrestricted net assets of \$150,000 at June 30, 2015. There is no effect on the total change in net assets.

Note 16. Subsequent Events

The Organization has evaluated all subsequent events through October 9, 2017, the date the combined financial statements were available to be issued. The Organization has determined there were no subsequent events that require recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORT ON
THE SUPPLEMENTARY INFORMATION**

To the Board of Trustees
Elk Hill Farm, Inc. and Elk Hill Farm Foundation
Goochland, Virginia

We have audited the combined financial statements of Elk Hill Farm, Inc. and Elk Hill Farm Foundation as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon, dated October 9, 2017, which contained an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on those combined financial statements as a whole. We have not performed any procedures with respect to the audited combined financial statements subsequent to October 9, 2017.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 9, 2017

ELK HILL FARM, INC.

Statements of Financial Position

June 30, 2017 and 2016

Assets	2017	2016
Current Assets		
Cash	\$ 1,907,543	\$ 1,765,055
Accounts receivable, net	793,475	1,205,128
Pledges receivable, net	179,781	89,728
Employee and other receivables	1,300	1,800
Prepaid expenses	57,380	66,052
Total current assets	<u>\$ 2,939,479</u>	<u>\$ 3,127,763</u>
Property and Equipment, less accumulated depreciation	<u>\$ 3,856,562</u>	<u>\$ 4,095,811</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 101,510	\$ 114,777
Security deposits	15,265	18,532
Cash surrender value of life insurance policies	219,906	197,001
Total other assets	<u>\$ 336,681</u>	<u>\$ 330,310</u>
Total assets	<u><u>\$ 7,132,722</u></u>	<u><u>\$ 7,553,884</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 126,434	\$ 88,690
Accrued expenses	257,579	281,219
Total current liabilities	<u>\$ 384,013</u>	<u>\$ 369,909</u>
Long-Term Liabilities		
Deferred compensation	\$ 219,906	\$ 197,001
Due to Foundation	159,357	36,636
Total long-term liabilities	<u>\$ 379,263</u>	<u>\$ 233,637</u>
Net Assets		
Unrestricted:		
Undesignated	\$ 3,966,169	\$ 4,066,899
Designated by board	634,422	596,863
Temporarily restricted	1,768,855	2,286,576
Total net assets	<u>\$ 6,369,446</u>	<u>\$ 6,950,338</u>
Total liabilities and net assets	<u><u>\$ 7,132,722</u></u>	<u><u>\$ 7,553,884</u></u>

ELK HILL FARM FOUNDATION

Statements of Financial Position

June 30, 2017 and 2016

Assets	2017	2016
Current Assets, pledges receivable, net	\$ 33,714	\$ 157,468
Other Assets		
Pledges receivable, net, less current portion	\$ 188,316	\$ 241,418
Long-term investments	6,442,720	6,016,070
Due from Elk Hill Farm	<u>159,357</u>	<u>36,636</u>
Total other assets	<u>\$ 6,790,393</u>	<u>\$ 6,294,124</u>
 Total assets	 <u>\$ 6,824,107</u>	 <u>\$ 6,451,592</u>
 Liabilities and Net Assets		
Net Assets		
Unrestricted:		
Undesignated	\$ 2,645,991	\$ 2,405,720
Designated by board	1,628,540	1,628,540
Temporarily restricted	206,441	102,908
Permanently restricted	<u>2,343,135</u>	<u>2,314,424</u>
Total net assets	<u>\$ 6,824,107</u>	<u>\$ 6,451,592</u>
 Total liabilities and net assets	 <u>\$ 6,824,107</u>	 <u>\$ 6,451,592</u>

ELK HILL FARM, INC.

Statement of Activities
Year Ended June 30, 2017

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions	\$ 1,044,807	\$ 490,897	\$ --	\$ 1,535,704
Tuition assistance and fees	5,107,572	--	--	5,107,572
Medicaid income	3,527,845	--	--	3,527,845
	<u>\$ 9,680,224</u>	<u>\$ 490,897</u>	<u>\$ --</u>	<u>\$ 10,171,121</u>
Net assets released from restrictions:				
Satisfaction of restrictions for property and equipment	103,473	(103,473)	--	--
Satisfaction of time restriction	387,552	(387,552)	--	--
Satisfaction of program restrictions	517,593	(517,593)	--	--
Total support and revenue	<u>\$ 10,688,842</u>	<u>\$ (517,721)</u>	<u>\$ --</u>	<u>\$ 10,171,121</u>
Expenses:				
Program services:				
Community services	\$ 2,966,792	\$ --	\$ --	\$ 2,966,792
Schools	3,334,128	--	--	3,334,128
Residential services	3,423,856	--	--	3,423,856
Total program services	<u>\$ 9,724,776</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,724,776</u>
Supporting services:				
Management and general	\$ 700,814	\$ --	\$ --	\$ 700,814
Fundraising	326,423	--	--	326,423
Total supporting services	<u>\$ 1,027,237</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,027,237</u>
Total expenses	<u>\$ 10,752,013</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,752,013</u>
Change in net assets	\$ (63,171)	\$ (517,721)	\$ --	\$ (580,892)
Net assets, beginning of year	<u>4,663,762</u>	<u>2,286,576</u>	<u>--</u>	<u>6,950,338</u>
Net assets, end of year	<u>\$ 4,600,591</u>	<u>\$ 1,768,855</u>	<u>\$ --</u>	<u>\$ 6,369,446</u>

ELK HILL FARM, INC.

Statement of Activities
Year Ended June 30, 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	\$ 669,890	\$ 1,283,810	\$ --	\$ 1,953,700
Tuition assistance and fees	5,050,500	--	--	5,050,500
Medicaid income	<u>3,162,574</u>	<u>--</u>	<u>--</u>	<u>3,162,574</u>
	<u>\$ 8,882,964</u>	<u>\$ 1,283,810</u>	<u>\$ --</u>	<u>\$ 10,166,774</u>
Net assets released from restrictions:				
Satisfaction of restrictions for property and equipment	52,522	(52,522)	--	--
Satisfaction of time restriction	142,892	(142,892)	--	--
Satisfaction of program restrictions	<u>750,233</u>	<u>(750,233)</u>	<u>--</u>	<u>--</u>
Total support and revenue	<u>\$ 9,828,611</u>	<u>\$ 338,163</u>	<u>\$ --</u>	<u>\$ 10,166,774</u>
Expenses:				
Program services:				
Community services	\$ 2,764,192	\$ --	\$ --	\$ 2,764,192
Schools	3,443,820	--	--	3,443,820
Residential services	<u>3,334,781</u>	<u>--</u>	<u>--</u>	<u>3,334,781</u>
Total program services	<u>\$ 9,542,793</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,542,793</u>
Supporting services:				
Management and general	\$ 607,252	\$ --	\$ --	\$ 607,252
Fundraising	<u>323,919</u>	<u>--</u>	<u>--</u>	<u>323,919</u>
Total supporting services	<u>\$ 931,171</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 931,171</u>
Total expenses	<u>\$ 10,473,964</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,473,964</u>
Change in net assets	\$ (645,353)	\$ 338,163	\$ --	\$ (307,190)
Net assets, beginning of year, before reclassification	5,459,115	1,798,413	--	7,257,528
Reclassification	<u>(150,000)</u>	<u>150,000</u>	<u>--</u>	<u>--</u>
Net assets, beginning of year, after reclassification	<u>\$ 5,309,115</u>	<u>\$ 1,948,413</u>	<u>\$ --</u>	<u>\$ 7,257,528</u>
Net assets, end of year	<u>\$ 4,663,762</u>	<u>\$ 2,286,576</u>	<u>\$ --</u>	<u>\$ 6,950,338</u>

ELK HILL FARM FOUNDATION

Statement of Activities
Year Ended June 30, 2017

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ (126,195)	\$ 65,727	\$ 28,711	\$ (31,757)
Interest and dividends	132,069	13,352	--	145,421
Unrealized and realized gains	486,102	49,142	--	535,244
Other revenue	1,649	--	--	1,649
	<u>\$ 493,625</u>	<u>\$ 128,221</u>	<u>\$ 28,711</u>	<u>\$ 650,557</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>24,688</u>	<u>(24,688)</u>	<u>--</u>	<u>--</u>
Total support and revenue	<u>\$ 518,313</u>	<u>\$ 103,533</u>	<u>\$ 28,711</u>	<u>\$ 650,557</u>
Expenses and losses:				
Program services:				
Grant to Elk Hill Farm	<u>\$ 268,893</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 268,893</u>
Supporting services:				
Management and general	<u>\$ 9,149</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,149</u>
Total expenses	<u>\$ 278,042</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 278,042</u>
Change in net assets	\$ 240,271	\$ 103,533	\$ 28,711	\$ 372,515
Net assets, beginning of year	<u>4,034,260</u>	<u>102,908</u>	<u>2,314,424</u>	<u>6,451,592</u>
Net assets, end of year	<u>\$ 4,274,531</u>	<u>\$ 206,441</u>	<u>\$ 2,343,135</u>	<u>\$ 6,824,107</u>

ELK HILL FARM FOUNDATION

Statement of Activities
Year Ended June 30, 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	\$ 192,055	\$ --	\$ 78,839	\$ 270,894
Interest and dividends	176,715	19,256	--	195,971
Change in value of split interest agreement	433	--	--	433
Unrealized and realized (losses)	(232,731)	(25,360)	--	(258,091)
Other revenue	<u>2,119</u>	<u>--</u>	<u>--</u>	<u>2,119</u>
	\$ 138,591	\$ (6,104)	\$ 78,839	\$ 211,326
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>22,880</u>	<u>(22,880)</u>	<u>--</u>	<u>--</u>
Total support and revenue	<u>\$ 161,471</u>	<u>\$ (28,984)</u>	<u>\$ 78,839</u>	<u>\$ 211,326</u>
Expenses and losses:				
Program services:				
Grant to Elk Hill Farm	<u>\$ 232,849</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 232,849</u>
Supporting services:				
Management and general	<u>\$ 47,690</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 47,690</u>
Total expenses	<u>\$ 280,539</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 280,539</u>
Change in net assets	\$ (119,068)	\$ (28,984)	\$ 78,839	\$ (69,213)
Net assets, beginning of year	<u>4,153,328</u>	<u>131,892</u>	<u>2,235,585</u>	<u>6,520,805</u>
Net assets, end of year	<u>\$ 4,034,260</u>	<u>\$ 102,908</u>	<u>\$ 2,314,424</u>	<u>\$ 6,451,592</u>