

*Financial Statements*

**JOURNEY THROUGH HALLOWED  
GROUND PARTNERSHIP**

June 30, 2017

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

The organization was incorporated under the laws of the Commonwealth of Virginia on June 1, 2005 to operate a non-stock, nonprofit organization. The organization was originally incorporated as Journey Through Hallowed Ground and on March 16, 2006 by amendment and restatement of the Articles of Incorporation changed its name to Journey Through Hallowed Ground Partnership (JTHGP).

JTHGP is dedicated to raising national and local awareness of the history in the region from Gettysburg, Pennsylvania through Maryland to Monticello in Albemarle County, Virginia.

JTHGP was granted income tax exempt status on August 9, 2006 effective June 7, 2005 under section 501(c)(3) of the Internal Revenue Code. The organization is also recognized as a public charity under IRC Section 170(b)(1)(A)(vi).

### **OFFICERS AND BOARD OF DIRECTORS**

#### **OFFICERS**

Stuart A. Haney, Chairman  
Kathleen Kilpatrick, Co-Vice Chair  
Charles Ledsinger, Co-Vice Chair  
Christopher Miller, Treasurer  
James Campi, Secretary  
William W. Sellers, President/CEO

#### **BOARD OF DIRECTORS**

James Campi	Elizabeth Merritt
Peter Friedman	Christopher Miller
Stuart A. Haney	James Moorman
Gertraud Hechl	Kristen Umstatt
Kathleen Kilpatrick	Elizabeth von Hassell
Charles Ledsinger	Christopher R. Wall
David F. Williams	

#### **EX-OFFICIO**

Ed. W. Clark

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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Journey Through Hallowed Ground Partnership  
Waterford, Virginia

We have audited the accompanying financial statements of Journey Through Hallowed Ground Partnership (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Journey Through Hallowed Ground Partnership as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Leesburg, Virginia  
September 12, 2017

*Mitchell & Co., P.C.*

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### STATEMENT OF FINANCIAL POSITION

June 30, 2017

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#### ASSETS

##### Current Assets

Cash and cash equivalents	\$ 521,525
Grants receivable	1,578
Other receivables	6,388
Prepaid expenses	<u>17,076</u>
<b>Total current assets</b>	<b>546,567</b>

Deposits	440
Property and equipment, less depreciation	313,707
Intangible assets, less amortization	<u>14,802</u>

**Total assets** \$ 875,516

#### LIABILITIES AND NET ASSETS

##### Current Liabilities

Accounts payable and accrued expenses	\$ 53,231
Payroll liabilities	<u>8,510</u>
<b>Total current liabilities</b>	<b><u>61,741</u></b>

##### Net Assets

Unrestricted	
Undesignated	211,986
Invested in capital and intangible assets	<u>328,509</u>
	540,495
Temporarily restricted	<u>273,280</u>
<b>Total net assets</b>	<b><u>813,775</u></b>

**Total liabilities and net assets** \$ 875,516

See Notes to Financial Statements.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Totals
<b>REVENUE AND GRANTS</b>			
Government grants	\$ 156,899	\$ -	\$ 156,899
Foundation and other grants	-	25,000	25,000
Contributions	80,382	102,000	182,382
Camp admission fees	36,128	-	36,128
CTA program fees	9,767	-	9,767
Special fundraising events (less expenses \$9,205)	2,668	-	2,668
Merchandise sales	7,078	-	7,078
Interest income	2,163	-	2,163
In-kind donations	7,216	-	7,216
Other income	1,658	-	1,658
	<u>303,959</u>	<u>127,000</u>	<u>430,959</u>
Net assets released from restrictions:			
Satisfaction of usage restriction	169,617	(169,617)	-
<b>Total revenues and grants</b>	<u>473,576</u>	<u>(42,617)</u>	<u>430,959</u>
<b>EXPENSES</b>			
Program services	689,018	-	689,018
Supporting services:			
Management and general	143,283	-	143,283
Fundraising	134,381	-	134,381
<b>Total expenses</b>	<u>966,682</u>	<u>-</u>	<u>966,682</u>
<b>Change in net assets</b>	<u>(493,106)</u>	<u>(42,617)</u>	<u>(535,723)</u>
<b>Net Assets, beginning of year</b>	<u>1,033,601</u>	<u>315,897</u>	<u>1,349,498</u>
<b>Net Assets, end of year</b>	<u>\$ 540,495</u>	<u>\$ 273,280</u>	<u>\$ 813,775</u>

See Notes to Financial Statements.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries	\$ 351,224	\$ 94,667	\$ 59,329	\$ 505,220
Payroll taxes	26,794	7,222	4,526	38,542
Employee benefits	41,818	11,272	7,064	60,154
Total personnel costs	419,836	113,161	70,919	603,916
Professional fees	77,676	9,770	53,500	140,946
Depreciation and amortization	12,173	2,121	2,147	16,441
Dues and subscriptions	13,805	1,666	81	15,552
Living legacy in-kind	1,987	5,229	-	7,216
Insurance	4,118	717	726	5,561
Supplies	8,375	616	702	9,693
Travel	20,930	239	672	21,841
Tree planting and maintenance	3,014	-	-	3,014
Camp programs	25,039	-	-	25,039
Other	6,869	769	1,378	9,016
Conferences and meetings	8,728	2,349	186	11,263
Occupancy	8,670	1,609	1,801	12,080
Communications	30,405	3,337	700	34,442
Fees	671	756	118	1,545
Printing and preproduction	4,450	-	-	4,450
Postage expense	1,992	34	530	2,556
Equipment rental and maintenance	5,225	910	921	7,056
Restricted program contributions refunded	35,055	-	-	35,055
Total expenses	\$ 689,018	\$ 143,283	\$ 134,381	\$ 966,682

See Notes to Financial Statements.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

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#### Cash Flows from Operating Activities

Change in Net Assets	\$ (535,723)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	16,441
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Grants receivable	16,977
Pledges receivable	12,465
Other receivables	(4,612)
Prepaid expenses	(7,365)
Projects in process	46,122
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	13,172
Accrued payroll and severance	(23,646)
Accrued leave	(24,708)
<b>Net cash (used in) operations</b>	<u>(490,877)</u>

#### Cash Flows from Investing Activities

Purchases of equipment and intangibles	<u>(5,286)</u>
<b>Net cash (used in) investing activities</b>	<u>(5,286)</u>

**Net decrease in cash and cash equivalents** (496,163)

#### Cash and cash equivalents

Beginning	1,017,688
Ending	<u>\$ 521,525</u>

See Notes to Financial Statements.

# JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Organization and Nature of Activities**

Journey Through Hallowed Ground Partnership (JTHGP) is a non-profit organization which was formed in June 2005. The JTHGP is dedicated to raising national and local awareness of the history in the region from Gettysburg, Pennsylvania through Maryland, to Monticello in Albemarle County, Virginia. Its mission is to promote and support civic engagement through history education, economic development through heritage tourism, and the preservation of cultural landscapes in one of the nation's most important historic regions.

### **Note 2. Summary of Significant Accounting Policies**

*Basis of Accounting:* The financial statements of JTHGP have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standard Codification (ASC) Topic 958, *Not-For Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Cash and Cash Equivalents:* For purposes of the statements of cash flows, the Organization considers amounts in checking and certificates of deposits to be cash and cash equivalents.

*Accounts and Pledges Receivable:* Unconditional pledges receivable are recognized as revenues in the period the pledge is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Any accounts receivable are primarily from fees due from program services. Management has determined that pledges and accounts receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

*Grants Receivable:* Grants receivable represents amounts due primarily from state and local government agency funding grants and are stated at invoice/billing amounts the amounts. Management considers all grants receivable to be fully collectible; therefore, no allowance for doubtful accounts has been established.

*Property and Equipment:* Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated over the estimated useful service lives ranging from five to ten years for furniture and equipment and ten to twenty years for building and improvements using the straight-line method.

The Organization capitalizes property and equipment acquired with a value in excess of \$1,000. When the assets are sold or disposed, the cost and corresponding accumulated depreciation are removed from the accounts with any gain or loss reported in the statements of activities. Maintenance and repairs that do not improve or extend the lives of property and equipment are expensed as incurred.

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give in future years are recorded at their net realized value.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Summary of Significant Accounting Policies (Continued)

*Donated Non-Cash Assets:* Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

*Public Support and Revenue:* The Organization receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.

The Organization receives grant funding from government agencies for various purposes. Grant revenues not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. The Organization defers grant revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

*Advertising:* Advertising costs are expensed as incurred. Total advertising costs for 2017 were \$1,941.

*Income Tax Status:* JTHGP qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Organization has adopted the guidance under ASC Topic 740, *Income Taxes* and management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of this guidance. Income tax years open for IRS audit include years ended 2014, 2015, 2016 and 2017.

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

*Functional Allocation of Expenses:* The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Direct expenses are charged to each program based on the expenditures incurred and other indirect costs have been allocated among the programs and supporting services benefited based upon the time devoted to each type of service.

#### Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

Description	Balances	
	Bank Deposits	Accounting
Middleburg Bank	\$ 532,361	\$ 521,425
Petty cash held	-	100
	<u>\$ 532,361</u>	<u>\$ 521,525</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2017, cash and cash equivalents exceeded the federally insured limit by \$282,361.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Property and Equipment

At June 30, 2017 property and equipment consisted of the following:

Description	Amount
Buildings and improvements	\$ 151,162
Land	186,100
Furniture and equipment	16,282
Equipment	46,133
	<u>399,677</u>
Less: accumulated depreciation	(85,970)
	<u>\$ 313,707</u>

#### Note 5. Intangible Assets

Intangible assets include software licenses, website development costs, trademarks, and rights to professional photographs purchased for use in marketing and branding efforts. Intangible assets having a determinable life are amortized over their estimated useful life. Intangible assets with an indefinite useful life are reviewed annually for value impairment and adjustment.

The JTHGP capitalizes the cost of creating and registering trademarks and costs of trademarks obtained through acquisition. These intangible assets are amortized on straight-line basis over estimated useful lives of ten years.

Purchased software licenses subject to annual renewal fees are amortized over seven years. Costs to renew or extend the licenses are expensed as incurred. The organization's future cash flows are not materially impacted by its ability to extend or renew agreements related to its intangible assets.

At June 30, 2017 intangible assets consisted of the following:

Description	Amount
Trademarks	\$ 7,420
Website	57,187
Software license	18,453
	<u>83,060</u>
Less: accumulated amortization	(68,258)
	<u>\$ 14,802</u>

Amortization expense for 2017 was \$3,168.

## JOURNEY THROUGH HALLOWED GROUND PARTNERSHIP

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Temporarily Restricted Assets

Temporarily restricted net assets are available at June 30, 2017 for the following purposes:

Purpose/Project	Amount
Marketing	\$ 3,496
Strategic real estate holdings	120,529
Educational programs and camps	86,990
Living Legacy Tree planting and maintenance	57,265
Documentary film sponsorship	5,000
	<u>\$ 273,280</u>

#### Note 7. Contingencies

The Organization elected to terminate its Certified Tourism Ambassador (CTA) program in fiscal year 2017. It is reasonably likely that the organization could have to pay 2018 membership fees and refund member dues. The total estimated cost of the contingency is \$11,000.

#### Note 8. Concentration of Economic Support

Approximately 61 percent of JTHGP's programs and operations are supported by governmental agencies and a single donor. JTHGP anticipates continued support for their programs but a reduction in funding could affect the level of program of activity.

#### Note 9. Retirement Plan

The Organization maintains a tax-deferred annuity plan (Plan) under Section 403(b) of the Internal Revenue Code. Substantially all employees are eligible to participate in the Plan and to contribute a percentage of their annual compensation to the maximum permitted by law. JTHGP matches employee contribution up to 4% of compensation. JTHGP expense amounted to \$12,853.

#### Note 10. Fair Value of Instruments

JTHGP's financial instruments are cash deposits, grants and other receivable, accounts payable, accrued expenses, the recorded values of which approximate their fair values based on their short-term nature.

#### Note 11. Subsequent Events

The Organization has evaluated events and transactions subsequent to June 30, 2017 through September 12, 2017, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to June 30, 2017.