



# Richard Bland College Foundation

## Financial Report

June 30, 2025

# Richard Bland College Foundation, Inc.

June 30, 2025

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# Richard Bland College Foundation

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## **Independent Auditor's Report**

To the Board of Trustees  
Richard Bland College Foundation, Inc.  
Petersburg, Virginia

### **Opinion**

We have audited the accompanying financial statements of Richard Bland College Foundation, Inc., which comprise the statement of financial position as of June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the financial position of Richard Bland College Foundation, Inc., as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Richard Bland College Foundation, Inc. and to meet our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Richard Bland College Foundation, Inc.'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 Richard Bland College Foundation, Inc.'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.

## **Report on Summarized Comparative Information**

We have previously audited Richard Bland College Foundation, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived

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

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia  
September 26, 2025



# **Financial Statements**

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# Richard Bland College Foundation

## Statement of Financial Position

June 30, 2025

(For Comparative Purposes Only)

	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<b>ASSETS</b>					
Cash and cash equivalents	\$ 369,723	\$ 384,535	\$ 754,258	\$ -	\$ 174,418	\$ 174,418
Investments (Notes 4 and 5)	-	8,599,652	8,599,652	-	8,028,447	8,028,447
Accrued interest receivable	103,254	-	103,254	109,001	-	109,001
Other receivable	-	-	-	1,050	-	1,050
Due from related party (Note 6)	489,278	-	489,278	215,144	-	215,144
Property and equipment, net of accumulated depreciation of \$33,644 and \$24,422, respectively	30,916	-	30,916	40,138	-	40,138
Other assets	31,131	-	31,131	14,915	-	14,915
Due from other funds	-	153,507	153,507	-	33,403	33,403
Investment in direct financing lease (Notes 6 and 7)	16,137,755	-	16,137,755	17,038,587	-	17,038,587
Total assets	<b><u>\$ 17,162,057</u></b>	<b><u>\$ 9,137,694</u></b>	<b><u>\$ 26,299,751</u></b>	<b><u>\$ 17,418,835</u></b>	<b><u>\$ 8,236,268</u></b>	<b><u>\$ 25,655,103</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts payable	\$ 13,252	\$ -	\$ 13,252	\$ 16,657	\$ -	\$ 16,657
Accrued expenses	103,254	-	103,254	109,000	-	109,000
Deferred revenue	8,538	-	8,538	3,770	-	3,770
Bonds payable (Note 9)	16,137,755	-	16,137,755	17,038,587	-	17,038,587
Due to other funds	153,507	-	153,507	33,403	-	33,403
Due to related party (Note 6)	393,159	-	393,159	3,659	-	3,659
Total liabilities	<u>16,809,465</u>	<u>-</u>	<u>16,809,465</u>	<u>17,205,076</u>	<u>-</u>	<u>17,205,076</u>
<b>NET ASSETS</b>						
Without donor restrictions	352,592	-	352,592	213,759	-	213,759
With donor restrictions (Notes 8 and 10)	-	9,137,694	9,137,694	-	8,236,268	8,236,268
Total net assets	<u>352,592</u>	<u>9,137,694</u>	<u>9,490,286</u>	<u>213,759</u>	<u>8,236,268</u>	<u>8,450,027</u>
	<b><u>\$ 17,162,057</u></b>	<b><u>\$ 9,137,694</u></b>	<b><u>\$ 26,299,751</u></b>	<b><u>\$ 17,418,835</u></b>	<b><u>\$ 8,236,268</u></b>	<b><u>\$ 25,655,103</u></b>

**Richard Bland College Foundation**  
**Statement of Activities and Change in Net Assets**  
Year Ended June 30, 2025

	Year Ended June 30, 2025			(For Comparative Purposes Only) Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<b>OPERATING REVENUES</b>					
Contributions	\$ 139,632	\$ 456,631	\$ 596,263	\$ 344,752	\$ 94,346	\$ 439,098
In-kind support (Note 6)	251,930	-	251,930	223,683	-	223,683
Special events, net of expenses of \$27,877 and \$42,252, respectively	2,908	-	2,908	(6,315)	-	(6,315)
Direct financing lease income (Note 7)	645,465	-	645,465	678,086	-	678,086
Other income	130,156	-	130,156	131,728	-	131,728
Management fee income (Note 6)	459,000	-	459,000	200,000	-	200,000
Net assets released from restrictions (Note 10)	361,096	(361,096)	-	479,249	(479,249)	-
Total operating revenues	<u>1,990,187</u>	<u>95,535</u>	<u>2,085,722</u>	<u>2,051,183</u>	<u>(384,903)</u>	<u>1,666,280</u>
<b>OPERATING EXPENSES</b>						
Program services	1,580,777	-	1,580,777	1,447,755	-	1,447,755
Management and general	211,072	-	211,072	230,513	-	230,513
Fundraising	59,505	-	59,505	40,066	-	40,066
Total program services	<u>1,851,354</u>	<u>-</u>	<u>1,851,354</u>	<u>1,718,334</u>	<u>-</u>	<u>1,718,334</u>
Change in net assets from operations	138,833	95,535	234,368	332,849	(384,903)	(52,054)
<b>OTHER CHANGES IN NET ASSETS</b>						
Net investment return	-	805,891	805,891	-	912,462	912,462
Change in net assets	138,833	901,426	1,040,259	332,849	527,559	860,408
<b>NET ASSETS</b>						
Beginning of year	213,759	8,236,268	8,450,027	(119,090)	7,708,709	7,589,619
End of year	<u>\$ 352,592</u>	<u>\$ 9,137,694</u>	<u>\$ 9,490,286</u>	<u>\$ 213,759</u>	<u>\$ 8,236,268</u>	<u>\$ 8,450,027</u>

# Richard Bland College Foundation

## Statement of Functional Expenses

Year Ended June 30, 2025

	Year Ended June 30, 2025				(For Comparative Purposes Only) Year Ended June 30, 2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 84,244	\$ -	\$ 7,735	\$ 91,979	\$ 87,921	\$ -	\$ 3,500	\$ 91,421
Bank service charges	508	-	482	990	1,328	-	275	1,603
Depreciation	9,222	-	-	9,222	9,222	-	-	9,222
Distributions to and in support of								
Richard Bland College	288,520	27,650	69	316,239	10,977	25,368	-	36,345
Dues and subscriptions	17,492	4,887	-	22,379	19,080	3,116	-	22,196
Food, beverage, and entertainment	56,445	6,670	9,102	72,217	49,747	6,491	19,245	75,483
Facilities and equipment	3,639	-	-	3,639	187	-	-	187
Rental expenses	7,557	-	4,856	12,413	533	-	-	533
Insurance	5,506	-	-	5,506	3,383	-	-	3,383
Interest	660,499	-	-	660,499	688,870	-	-	688,870
Miscellaneous	216	4,686	-	4,902	719	1,043	-	1,762
Other	2,642	1,253	81	3,976	15,584	21,133	69	36,786
Payroll related expenses	179,893	68,068	38,969	286,930	124,186	64,266	35,231	223,683
Postage and mailing	-	-	2,470	2,470	-	-	36	36
Printing and copying	3,851	-	399	4,250	36,099	-	-	36,099
Professional fees	38,628	77,165	3,895	119,688	4,030	91,710	2,452	98,192
Scholarships (Note 6)	190,823	-	-	190,823	317,049	-	-	317,049
Software	-	5,613	16,814	22,427	4,278	9,669	4,649	18,596
Supplies	21,492	10,360	3,731	35,583	58,012	5,699	2,985	66,696
Taxes and licenses	85	-	-	85	-	177	-	177
Travel and meetings	9,515	4,720	-	14,235	30,220	1,841	81	32,142
Total expenses	<u>1,580,777</u>	<u>211,072</u>	<u>88,603</u>	<u>1,880,452</u>	<u>1,461,425</u>	<u>230,513</u>	<u>68,523</u>	<u>1,760,461</u>
Less - expenses included with revenues on the statement of activities:								
Advertising	-	-	7,735	7,735	-	-	3,500	3,500
Supplies	-	-	2,929	2,929	7,070	-	2,985	10,055
Food, beverage, and entertainment	-	-	9,052	9,052	6,600	-	19,245	25,845
Miscellaneous	-	-	150	150	-	-	-	-
Postage and mailing	-	-	-	-	-	-	-	-
Printing and copying	-	-	-	-	-	-	-	-
Professional fees	-	-	3,895	3,895	-	-	2,452	2,452
Bank service charges	-	-	482	482	-	-	275	275
Rental expenses	-	-	4,855	4,855	-	-	-	-
Total expenses included in the expense section of the statement of activities	<u>\$ 1,580,777</u>	<u>\$ 211,072</u>	<u>\$ 59,505</u>	<u>\$ 1,851,354</u>	<u>\$ 1,447,755</u>	<u>\$ 230,513</u>	<u>\$ 40,066</u>	<u>\$ 1,718,334</u>

The Notes to Financial Statements are an integral part of this statement.

# Richard Bland College Foundation

## Statement of Cash Flows

Year Ended June 30, 2025

	2025	(For Comparative Purposes Only) 2024
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,040,259	\$ 860,408
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Net realized gain on investments	(161,728)	(268,916)
Depreciation	9,222	9,222
Unrealized gain on investments	(438,230)	(480,932)
Gain on sale of other assets	(261)	(3,838)
Contributions restricted for specific purposes	(456,631)	(94,346)
Changes in assets and liabilities:		
Other receivable	1,050	287
Due from related party	(274,134)	(12,105)
Due from other funds	(120,104)	333,234
Other assets	(16,216)	-
Accounts payable	(3,405)	(6,397)
Accrued expenses	(5,746)	(5,532)
Deferred revenue	4,768	220
Due to other funds	120,104	(333,234)
Due to related party	389,500	3,659
Net cash and cash equivalents provided by operating activities	88,448	1,730
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(223,686)	(179,165)
Proceeds from sale of investments	252,439	16,807
Proceeds from sale of other assets	261	9,338
Principal payments received on investment in direct financing lease	906,579	873,159
Net cash and cash equivalents provided by investing activities	935,593	720,139
<b>FINANCING ACTIVITIES</b>		
Contributions restricted for specific purpose	456,631	94,346
Curtailment of bonds payable	(900,832)	(867,627)
Net cash and cash equivalents used in financing activities	(444,201)	(773,281)
Net increase (decrease) in cash and cash equivalents	579,840	(51,412)
<b>CASH</b>		
Beginning of year	174,418	225,830
End of year	\$ 754,258	\$ 174,418
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 644,881	\$ 678,087
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Principal payments received on investment in direct financing lease		
Total lease payments due	\$ 900,832	\$ 867,627
Decrease in accrued interest receivable	5,747	5,532
Cash received from direct financing lease	\$ 906,579	\$ 873,159

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

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### Note 1 – Nature of Organization

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The Richard Bland College Foundation, Inc. (the “Foundation”) provides support for student enrichment (scholarships, financial aid and books), faculty development, and cultural activities. The Foundation is supported primarily through contributions from the general public and a long-term leasing arrangement with Richard Bland College (the “College”).

The Foundation maintains its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not for Profits ("NFPs"). The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements

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### Note 2 – Significant Accounting Policies

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#### *Basis of Presentation*

The Foundation maintains its accounts on an accrual basis. These financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and with donor restrictions. The financial statements report amounts separately by classes of net assets as follows:

#### Net Assets without Donor Restrictions

Net assets without donor restrictions include undesignated and board designated funds. The undesignated and board designated net assets include revenue and expenses used currently for the general operations and programs of the Foundation.

#### Net Assets with Donor Restrictions

Net assets with donor restrictions include contributions restricted by donor designation and are reported as an increase in net assets with donor restrictions. When a restriction expires either with the passage of time or expenditures in accordance with donor restrictions, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and these restrictions are not met within the current reporting period. Expenses are reported as decreases in net assets without donor restrictions. Expirations and releases of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions (see Note 10). Donor restrictions on gifts to acquire long-lived assets are considered met in the period the assets are acquired or placed in service.

#### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

### *Investments*

Investments in all debt securities and equity securities with readily determinable market values are recorded at fair market value under the provisions of accounting standards regarding *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

Net investment return is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses and less external investment expenses.

### *Pledges Receivable*

Pledges receivable, or unconditional promises to give, represent amounts committed by donors to be paid within a specific period of time.

### *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation. It is the Foundation's policy to capitalize property and equipment greater than \$3,000. Lesser amounts are expensed. Depreciation is provided by the straight-line method over assets lives ranging from three to ten years, as follows:

Furniture and equipment	3 – 7 years
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### *Revenue Recognition*

The Foundation has a long-term financing arrangement with the College that is classified as a direct financing lease. Leasing income under a direct financing lease is deferred at the inception of the lease and is recognized over the term of the lease using the effective interest method. At the inception of the lease, the Foundation recorded an investment in the lease as the minimum future lease payments receivable less the deferred lease income. Leasing income is recognized as the deferred leasing income is amortized over the life of the lease.

The Foundation recognizes interest income and other fees when earned, fixed and determinable.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when 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 restrictions.

Rental income is deferred and recognized over the periods to which the income relates.

### *In-Kind Support*

Donated services are recognized in the financial statements at their fair value if the following criteria are met:

- i. The services require specialized skills, and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated, or
- ii. The services enhance or create an asset.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

Although the Foundation utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

### *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.

### *Credit Risk*

The Foundation places its temporary cash investments with high credit quality financial institutions. At June 30, 2025, the Foundation's cash funds were located at one financial institution. At June 30, 2025, there were \$521,028 in bank deposits in excess of limits insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). In addition, the Foundation is potentially subject to concentrations of credit risk in regard to its investments in various debt and equity instruments of public corporations, which are not insured.

### *Advertising Cost*

Advertising cost is expensed as incurred or when it first takes place. Total advertising and marketing expense was \$91,979 for 2025.

### *Measure of Operations*

The Foundation reports changes in net assets from operations all activities, except for investment return.

### *Functional Allocation of Expenses*

The costs of program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### *Revenue from Contracts with Customers*

The Foundation recognizes special events income at a point in time when received at the time of the event. These largely consist of ticket sales and additional contributions made in-person by individuals at the events. Management fee income is recognized over time, or evenly over the course of the fiscal year, as the Foundation's performance obligations with respect to the financing lease are met. The management fee is determined annually upon mutual agreement by the College and the Foundation. Other income, which primarily consists of facility rental fees, is recognized at a point in time when the rental occurs, i.e., when the Foundation's performance obligation is met.

### *Income Tax Status*

The Foundation is a not-for-profit foundation that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code*. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

The Foundation follows generally accepted accounting principles regarding "Accounting for Uncertain Tax Positions". This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Foundation's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination.

The Foundation includes penalties and interest assessed by income taxing authorities in operating expenses. No penalties or interest were incurred for the year ended June 30, 2025.

### *Subsequent Events*

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 26, 2025, the date the financial statements were available to be issued.

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### **Note 3 – Liquidity and Availability of Financial Assets**

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Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2025, are:

Cash and cash equivalents	\$ 754,258
Due from related party	489,278
Investments	8,599,652
Total financial assets	<u>9,843,188</u>
Less - financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	4,438,849
Donor restricted endowment funds	4,698,845
Total financial assets held to meet donor-imposed restrictions	<u>9,137,694</u>
Amounts available for general expenditure within one year	<u><u>\$ 705,494</u></u>

The above table reflects donor-restricted endowment funds as unavailable because it is the Foundation's intention to invest those resources for the long-term support of the organization. The Board of Directors may designate funds for endowment; however, in the case of need, they could appropriate resources from its designated endowment fund. There were no board-designated endowments at June 30, 2025. The Foundation has not included cash flow to be received from investment in direct financing lease as those funds are obligated for debt service. Additional information is provided in Note 8 about those funds and about the spending policies for all endowment funds.

As a part of the Foundation's liquidity management process, an annual operating budget is approved that details both the sources and uses of unrestricted funds. Future expected management fees would be available to assist in funding any shortfalls in the operating budget for the current year of the Foundation.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

### Note 4 – Investments

Investments are in marketable mutual funds and money market funds. Market values and unrealized appreciation (depreciation) as of June 30, 2025, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Gross Unrealized Gains</u>
Mutual funds	\$ 7,193,242	\$ 8,596,943	\$ (133,406)	\$ 1,537,107
Money market funds	2,709	2,709	-	-
	<u>\$ 7,195,951</u>	<u>\$ 8,599,652</u>	<u>\$ (133,406)</u>	<u>\$ 1,537,107</u>

### Note 5 – Fair Value Measurements

Accounting principles generally accepted in the United States of America have established a framework to measure fair value and defined the required disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**Level 2** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring or nonrecurring basis. There have been no changes in the methodologies used at June 30, 2025.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

### *Mutual Funds and Money Market Funds*

These investments are public investment vehicles valued using quoted prices in active markets and classified within Level 1 of the valuation hierarchy.

The following tables present the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2025, classified by accounting standards regarding fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Emerging Market Debt	\$ 530,098	\$ -	\$ -	\$ 530,098
Emerging Market Equity	461,448	-	-	461,448
Hedge Funds	1,243,794	-	-	1,243,794
Intermediate Fixed Income	1,542,248	-	-	1,542,248
International Equity	1,313,573	-	-	1,313,573
International Fixed Income	228,331	-	-	228,331
Large Cap Equity	1,544,539	-	-	1,544,539
Mid Cap Equity	1,023,342	-	-	1,023,342
Small Cap Equity	709,570	-	-	709,570
	<u>8,596,943</u>	<u>-</u>	<u>-</u>	<u>8,596,943</u>
Money market funds	2,709	-	-	2,709
	<u>\$ 8,599,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,599,652</u>

### **Note 6 – Related-Party Transactions**

During the year ended June 30, 2025, the Foundation recorded \$459,000 in revenue from the College for management fees related to the Operating and Support Agreement. Additionally, the Foundation is occasionally reimbursed by the College for certain expenses incurred on behalf of the College. At June 30, 2025, the College owed \$489,278 to the Foundation for a portion of the management fee and such reimbursements.

During the year ended June 30, 2025, the Foundation paid the College \$190,823 for student scholarships. Additionally, the Foundation occasionally reimburses the College for certain expenses and otherwise provides direct support for College programs. At June 30, 2025, the Foundation owed the College \$393,159 for such payments.

During the year ended June 30, 2025, the Foundation reported in kind support of \$251,930 for contributed personnel services from the College. These contributed services are valued and are reported at the actual payroll cost to the College, plus an estimate for benefits, allocated to the Foundation based on the average percentage of time those personnel spend time serving in Foundation capacities.

In connection with the long-term leasing arrangement with the College as disclosed in Note 7, the Foundation has also entered into a Support and Operating Agreement with the College that provides for future payments to be received related to the facilities that will be part of the College's student housing program. In essence, the College covenants that to the extent student housing fees do not cover debt service costs, the College will pay or cause to be paid debt service and related interest as disclosed in Note 9.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

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### Note 7 – Investment in Direct Financing Lease

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The Foundation has an investment in a direct financing lease in connection with its long-term leasing arrangement with the College. The terms of the lease include the leasing of a student housing facility located in Dinwiddie, Virginia, originally constructed by the Foundation for the College. The lease is due in semi-annual installments and expires in November 2038.

The amounts to be received related to the investment in a direct financing lease as of June 30, 2025, is as follows:

Future minimum lease payments due the Foundation	\$ 20,835,600
Less deferred lease income	(4,697,845)
Investment in direct financial lease	<u>\$ 16,137,755</u>

Income recognized related to this lease was \$645,465 during 2025.

Future minimum lease payments due to the Foundation as of June 30, 2025, in connection with the lease are as follows:

<u>Year Ending</u>	
2026	\$ 1,545,713
2027	1,545,713
2028	1,545,713
2029	1,545,713
2030	1,529,783
Thereafter	13,122,965
	<u>\$ 20,835,600</u>

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### Note 8 – Endowment

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The Foundation's endowment consists of approximately 60 individual funds established for purposes which support the Foundation. The endowment is comprised only of donor- restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant State Law*

The Board of Trustees of the Foundation has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

# Richard Bland College Foundation

## Notes to Financial Statements

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

- the duration and preservation of the fund
- the purposes of the Foundation and the donor-restricted endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Foundation
- the investment policies of the Foundation

The following schedules summarize the endowment net asset composition by type of fund at June 30, 2025:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 4,698,845	\$ 4,698,845
Accumulated investment gains	-	3,950,320	3,950,320
Total endowment funds	<u>\$ -</u>	<u>\$ 8,649,165</u>	<u>\$ 8,649,165</u>

The following schedules summarize the changes in endowment net assets for the year ended June 30, 2025:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 8,056,223	\$ 8,056,223
Net investment return	-	805,437	805,437
Contributions	-	66,906	66,906
Appropriation of endowment assets for expenditure	-	(279,401)	(279,401)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 8,649,165</u>	<u>\$ 8,649,165</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration.

### *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 those assets of donor-restricted funds that the Foundation must hold in perpetuity, or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to earn a real total return that is at least equal to 4% to 6% annualized excess return over three-month Treasury Bills based upon rolling five-year periods, net of all fees, while assuming a moderate level of risk. Actual returns in any given year may vary from this amount.

# Richard Bland College Foundation

## Notes to Financial Statements

June 30, 2025

### *Strategies Employed for Achieving Objectives*

To satisfy its 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, which is achieved through the use of various mutual funds traded on public markets, and cash or cash-equivalent securities in order to minimize risks while achieving total return objectives.

### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Foundation has a discretionary policy of appropriating for distribution each year the average market value of the investment portfolio for the three previous calendar year-ends to the extent that funds do not fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In establishing this policy, the Foundation considered the long term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specific term, as well as to provide additional real growth through new gifts and investment return.

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## **Note 9 – Bonds Payable**

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During December 2006, the Foundation entered into loan agreements with the Industrial Development Authorities of Dinwiddie County, Virginia, Isle of Wight, Virginia, Prince George County, Virginia and Sussex County, Virginia to borrow the proceeds of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities). The loan was refinanced in October 2012 to lower the interest rate charged to the Foundation. The loan agreement interest rate was 4.23% and refinanced to 2.40%. The interest rate will adjust at the ten-year anniversary of the refinancing and every 5 years thereafter at 70% of the 5-year U.S. Treasury Note plus 120 basis points. Accordingly, it was adjusted in November 2022 to 3.83%. The bonds are due November 5, 2038. The primary purpose of this loan is to refund and redeem in full the outstanding principal amount of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities), the proceeds of which were used to finance the costs of construction and equipping of a student housing facility located in Dinwiddie, Virginia, as disclosed in Note 7. At June 30, 2025, the aggregate annual maturities of bonds payable are as follows:

<u>Year Ending</u>	
2026	\$ 935,058
2027	971,214
2028	1,008,767
2029	1,047,773
2030	1,088,287
Thereafter	11,086,656
	<u><u>\$ 16,137,755</u></u>

# Richard Bland College Foundation

## Notes to Financial Statements

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### Note 10 – Restrictions on Net Assets

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Net assets with donor restrictions are available for the following purposes at June 30, 2025:

Student programs	\$	431,714
Student/faculty scholarships		4,007,135
Student/faculty scholarships to be held in perpetuity		<u>4,698,845</u>
	\$	<u><b>9,137,694</b></u>

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors is as follows at June 30, 2025:

Student programs	\$	81,699
Student/faculty scholarships		190,823
Release of endowment administrative fees for operations		<u>88,574</u>
	\$	<u><b>361,096</b></u>