



Thomas Jefferson Foundation, Inc.

Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Thomas Jefferson Foundation, Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Thomas Jefferson Foundation, Inc.

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Independent Auditor's Report

The Board of Trustees
Thomas Jefferson Foundation, Inc.
Charlottesville, Virginia

Opinion

We have audited the consolidated financial statements of Thomas Jefferson Foundation, Inc. and its Subsidiary (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

November 14, 2023

Consolidated Financial Statements

Thomas Jefferson Foundation, Inc.

Consolidated Statements of Financial Position

December 31,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 20,828,132	\$ 5,933,828
Cash held in escrow	260,000	-
Accounts receivable	1,746,312	1,698,875
Contributions receivable, net of allowance	3,754,368	446,977
Inventory	4,188,534	2,517,974
Prepaid expenses	725,106	905,372
Total current assets	31,502,452	11,503,026
Long-term assets		
Investments	237,613,726	313,467,974
Investments receivable	5,403,673	3,364,498
Assets under split-interest agreements	195,983	220,475
Contributions receivable, net of discount and allowance	517,941	785,314
Property and equipment, net	76,207,403	66,057,104
Operating lease right-of-use asset	312,444	-
Interest rate swap assets	214,447	-
Intangible assets	1,895,668	-
Historic properties and collections (Note 1)	-	-
Total long-term assets	322,361,285	383,895,365
Total assets	\$ 353,863,737	\$ 395,398,391
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 17,067,088	\$ 1,937,126
Accrued expenses	1,861,635	1,840,591
Operating lease liability, current	208,646	-
Notes payable current	200,000	200,000
Total current liabilities	19,337,369	3,977,717
Long-term liabilities		
Annuity and split-interest liabilities	555,162	566,343
Interest rate swap liabilities	-	3,071,353
Operating lease liability, noncurrent	105,037	-
Notes payable noncurrent	963,000	1,163,000
Long-term debt	29,656,759	29,650,605
Total long-term liabilities	31,279,958	34,451,301
Total liabilities	50,617,327	38,429,018
Contingencies and commitments		
Net assets		
Without donor restrictions:		
Board-designated endowment	140,238,079	173,526,268
Board-designated reserve	10,673,198	8,425,188
Undesignated	35,511,484	37,093,153
Total net assets without donor restrictions	186,422,761	219,044,609
With donor restrictions:		
Subject to expenditures for specified purpose	29,456,715	29,419,486
Subject to passage of time	168,922	230,457
Endowments	87,198,012	108,274,821
Total net assets with donor restrictions	116,823,649	137,924,764
Total net assets	303,246,410	356,969,373
Total liabilities and net assets	\$ 353,863,737	\$ 395,398,391

See accompanying notes to the consolidated financial statements.

Thomas Jefferson Foundation, Inc.

Consolidated Statements of Activities and Change in Net Assets

Years Ended December 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenues						
Charitable contributions	\$ 3,148,654	\$ 6,847,377	\$ 9,996,031	\$ 6,166,664	\$ 1,741,351	\$ 7,908,015
Contributed property and services	658,727	-	658,727	92,733	-	92,733
Admissions	9,467,337	-	9,467,337	7,629,050	-	7,629,050
Retail operations	13,634,720	-	13,634,720	14,099,431	-	14,099,431
Events	431,289	-	431,289	221,163	-	221,163
Government support	-	-	-	2,589,533	-	2,589,533
Other	69,551	6,439	75,990	113,628	2,149	115,777
Net assets released from restrictions	7,983,444	(7,983,444)	-	6,257,953	(6,257,953)	-
Total operating support and revenues	35,393,722	(1,129,628)	34,264,094	37,170,155	(4,514,453)	32,655,702
Operating expenses						
Program services:						
Collection acquisitions	62,051	-	62,051	203,076	-	203,076
Curatorial and restoration	2,908,642	-	2,908,642	2,061,757	-	2,061,757
Gardens and grounds	2,688,200	-	2,688,200	2,381,371	-	2,381,371
Guest services	4,342,163	-	4,342,163	3,623,627	-	3,623,627
Interpretation	3,927,149	-	3,927,149	2,764,528	-	2,764,528
Robert H. Smith International Center for Jefferson Studies	4,753,836	-	4,753,836	4,193,025	-	4,193,025
Retail operations	14,656,393	-	14,656,393	14,111,599	-	14,111,599
Marketing and communications	3,455,159	-	3,455,159	2,699,818	-	2,699,818
Support services:						
Administration	5,741,563	-	5,741,563	4,097,523	-	4,097,523
Development	1,446,803	-	1,446,803	884,209	-	884,209
Total operating expenses	43,981,959	-	43,981,959	37,020,533	-	37,020,533
Change in net assets from operations	(8,588,237)	(1,129,628)	(9,717,865)	149,622	(4,514,453)	(4,364,831)
Non-operating activities						
Investment return, net	(27,334,212)	(19,971,487)	(47,305,699)	11,738,638	8,515,708	20,254,346
Paycheck protection program loan forgiveness	-	-	-	2,837,365	-	2,837,365
Gain on sale of assets	14,800	-	14,800	-	-	-
Unrealized gain on interest rate swap	3,285,801	-	3,285,801	1,673,084	-	1,673,084
Total non-operating activities	(24,033,611)	(19,971,487)	(44,005,098)	16,249,087	8,515,708	24,764,795
Total change in net assets	(32,621,848)	(21,101,115)	(53,722,963)	16,398,709	4,001,255	20,399,964
Net assets, beginning of the year	219,044,609	137,924,764	356,969,373	202,645,900	133,923,509	336,569,409
Net assets, end of the year	\$ 186,422,761	\$ 116,823,649	\$ 303,246,410	\$ 219,044,609	\$ 137,924,764	\$ 356,969,373

See accompanying notes to the consolidated financial statements.

Thomas Jefferson Foundation, Inc.

Consolidated Statements of Cash Flows

<i>Years ended December 31,</i>	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (53,722,963)	\$ 20,399,964
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized loss (gain) on investments	48,015,647	(20,018,767)
Depreciation	3,324,838	3,710,101
Proceeds from donated stocks	437,864	787,235
Non-cash lease expense	205,936	-
Amortization of discount to present value on multi-year contributions receivable	16,227	(33,076)
Amortization of bond issuance costs and discount	6,154	6,155
Forgiveness of Paycheck Protection Program (PPP) loan	-	(2,837,365)
Gain on disposal of property and equipment	(6,489)	-
(Recovery) provision for bad debts	(14,283)	5,934
Permanently restricted contributions	(294,360)	(190,794)
Change in interest rate swap agreements	(3,285,800)	(1,673,084)
Decrease (increase) in:		
Accounts receivable	(47,437)	(1,337,015)
Contributions receivable	(3,041,963)	286,907
Inventory	(633,229)	(549,683)
Assets under split-interest agreements	24,492	4,341
Prepaid expenses	180,266	(143,463)
Increase (decrease) in:		
Accounts payable	338,894	806,861
Accrued expenses	21,044	(455,494)
Annuity and split-interest liabilities	(11,181)	687
Principal reduction in operating lease liabilities	(204,697)	-
Net cash used in operating activities	(8,691,040)	(1,230,556)
Cash flows from investing activities:		
Proceeds from sales of investments	291,343,017	182,562,076
Proceeds from sales of property and equipment	14,800	-
Acquisition of a subsidiary	(480,931)	-
Purchases of property and equipment	(1,144,448)	(1,400,804)
Purchase of investments	(265,981,454)	(179,527,233)
Net cash provided by investing activities	23,750,984	1,634,039
Cash flows from financing activities:		
Permanently restricted contributions	294,360	190,794
Repayment of notes payable	(200,000)	(150,000)
Net cash provided by financing activities	94,360	40,794
Net change in cash and cash equivalents	15,154,304	444,277
Cash and cash equivalents at the beginning of the year	5,933,828	5,489,551
Cash and cash equivalents at the end of the year	\$ 21,088,132	\$ 5,933,828
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,134,990	\$ 1,070,778
Operating lease assets obtained in exchange for new operating lease liability - upon adoption	\$ 518,380	\$ -
Supplemental disclosure of non-cash investing activities:		
Notes payable issued to purchase land and building improvements	\$ -	\$ 1,513,000

See accompanying notes to the consolidated financial statements.

Thomas Jefferson Foundation, Inc.

Consolidated Statement of Functional Expenses

Year ended December 31, 2022	Program Services									Support Services			Total Expenses
	Collection acquisitions	Curatorial and restoration	Gardens and grounds	Guest services	Interpretation	Robert H. Smith International Center for Jefferson Studies	Retail operations	Marketing and communications	Total Program Services	Administration	Development	Total Support Services	
Compensation and benefits	\$ -	\$ 1,129,367	\$ 1,317,669	\$ 2,515,658	\$ 1,993,431	\$ 2,742,533	\$ 2,470,682	\$ 1,278,912	\$ 13,448,252	\$ 2,175,602	\$ 653,629	\$ 2,829,231	\$ 16,277,483
Cost of sales	-	28	82,833	268,251	-	345	5,955,172	7	6,306,636	31,372	9,602	40,974	6,347,610
Professional fees and insurance	-	921,284	107,165	107,855	298,334	414,099	681,259	883,101	3,413,097	1,837,059	216,709	2,053,768	5,466,865
Depreciation	-	283,039	579,378	241,586	238,621	635,017	527,071	108,069	2,612,781	691,037	21,020	712,057	3,324,838
Maintenance and supplies	-	382,412	517,326	344,753	210,069	365,766	411,655	240,348	2,472,329	492,169	84,563	576,732	3,049,061
Advertising	-	496	12,935	22,199	10,990	3,139	1,620,236	290,159	1,960,154	2,540	63,760	66,300	2,026,454
Shipping and handling	-	7,043	-	-	-	-	1,485,785	-	1,492,828	-	-	-	1,492,828
Travel, lodging and meals	-	5,993	10,681	8,494	404,876	183,142	15,790	282,770	911,746	70,863	168,985	239,848	1,151,594
Rent (including equipment rental)	-	271	6,068	324,939	260,177	572	213,248	152,332	957,607	15,436	162,025	177,461	1,135,068
Postage	-	1,793	242	501	559	514	719,875	48,443	771,927	6,808	37,918	44,726	816,653
Utilities	-	67,695	49,014	69,533	60,922	112,349	144,167	42,868	546,548	154,652	19,470	174,122	720,670
Fellowships and scholarships	-	-	-	-	19,876	169,871	-	35,000	224,747	-	-	-	224,747
Dues, subscriptions and publications	-	940	1,257	5,478	409	80,874	4,300	11,217	104,475	11,395	2,386	13,781	118,256
Conservation	-	101,386	-	-	-	-	-	-	101,386	-	-	-	101,386
Collections and exhibits	62,051	-	-	-	-	-	-	-	62,051	-	-	-	62,051
Other	-	6,895	3,632	432,916	428,885	45,615	407,153	81,933	1,407,029	252,630	6,736	259,366	1,666,395
Total	\$ 62,051	\$ 2,908,642	\$ 2,688,200	\$ 4,342,163	\$ 3,927,149	\$ 4,753,836	\$ 14,656,393	\$ 3,455,159	\$ 36,793,593	\$ 5,741,563	\$ 1,446,803	\$ 7,188,366	\$ 43,981,959

See accompanying notes to the consolidated financial statements.

Thomas Jefferson Foundation, Inc.

Consolidated Statement of Functional Expenses

Year ended December 31, 2021	Program Services									Support Services			
	Collection acquisitions	Curatorial and restoration	Gardens and grounds	Guest services	Interpretation	Robert H. Smith International Center for Jefferson Studies	Retail operations	Marketing and communications	Total Program Services	Administration	Development	Total Support Services	Total Expenses
Compensation and benefits	\$ -	\$ 1,105,211	\$ 1,290,307	\$ 2,264,604	\$ 1,742,431	\$ 2,741,526	\$ 2,564,388	\$ 1,394,990	\$ 13,103,457	\$ 1,855,329	\$ 623,983	\$ 2,479,312	\$ 15,582,769
Cost of sales	-	1,399	92,683	175,952	1	275	6,062,105	-	6,332,415	27,627	9,569	37,196	6,369,611
Professional fees and insurance	-	319,649	17,274	58,071	129,768	161,930	522,508	667,422	1,876,622	670,330	29,153	699,483	2,576,105
Depreciation	-	320,025	598,954	288,110	271,369	713,306	590,777	125,081	2,907,622	776,378	26,101	802,479	3,710,101
Maintenance and supplies	-	150,153	314,613	296,429	113,482	249,963	290,242	117,468	1,532,350	354,593	77,184	431,777	1,964,127
Advertising	-	3,206	22,505	22,090	400	6,274	1,363,862	244,573	1,662,910	5,377	32,483	37,860	1,700,770
Shipping and handling	-	7,413	-	-	-	-	1,501,970	-	1,509,383	-	-	-	1,509,383
Travel, lodging and meals	-	837	430	2,721	65,461	23,523	8,030	15,866	116,868	40,942	28,728	69,670	186,538
Rent (including equipment rental)	-	3	970	62,638	2	3	206,507	21,484	291,607	5,959	12,130	18,089	309,696
Postage	-	463	401	681	175	2,812	529,399	54,214	588,145	6,910	14,627	21,537	609,682
Utilities	-	55,043	39,368	58,197	49,947	91,205	120,468	36,964	451,192	124,193	16,213	140,406	591,598
Fellowships and scholarships	-	-	-	-	-	85,000	-	10,000	95,000	-	-	-	95,000
Dues, subscriptions and publications	-	413	1,523	3,091	2,187	75,913	1,372	10,909	95,408	12,963	1,083	14,046	109,454
Conservation	-	95,514	-	-	-	-	-	-	95,514	-	-	-	95,514
Collections and exhibits	203,076	-	-	-	-	-	-	-	203,076	-	-	-	203,076
Other	-	2,428	2,343	391,043	389,305	41,295	349,971	847	1,177,232	216,922	12,955	229,877	1,407,109
Total	\$ 203,076	\$ 2,061,757	\$ 2,381,371	\$ 3,623,627	\$ 2,764,528	\$ 4,193,025	\$ 14,111,599	\$ 2,699,818	\$ 32,038,801	\$ 4,097,523	\$ 884,209	\$ 4,981,732	\$ 37,020,533

See accompanying notes to the consolidated financial statements.

Thomas Jefferson Foundation, Inc.

Notes to the Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

The Thomas Jefferson Foundation, Inc. (the “Foundation”) is formed under the laws of the Commonwealth of Virginia and is the private nonprofit organization that owns and operates Monticello, the mountaintop home and plantation of Thomas Jefferson. A museum and research institute, Monticello is a national and international treasure - designated as a United States National Historic Landmark and a United Nations World Heritage site, the only American residence on this prestigious list. Since its founding in 1923, the Foundation has dedicated itself to a two-fold mission of preservation and education. The Foundation’s twenty-first century vision is to bring history forward into national and global dialogues - inviting engagement with Jefferson’s world and ideas through programming on and off the mountain.

In October 2022, the Foundation created the wholly-owned Virginia limited liability company, TJF Acquisition LLC (TJF Acquisition), as a holding entity for a planned business acquisition. TJF Acquisition was later renamed Jefferson Vineyards LLC (“Jefferson Vineyards LLC”). Effective December 31, 2022, Jefferson Vineyards LLC purchased certain land parcels and assets owned by Jefferson Vineyards LP and WNG LLC (collectively doing business as Jefferson Vineyards). Jefferson Vineyards is engaged in the manufacture, marketing and selling of wine, as well as certain farming operations. Jefferson Vineyards’ existing employees were offered continued employment with the Foundation as of January 1, 2023. See Note 7 for additional information related to the acquisition.

As a private, nonprofit 501(c)(3) corporation, the Foundation receives no ongoing federal, state, or local government funding in support of its mission.

The Foundation’s main sources of revenue are gifts and grants, admission, and sales from on-site, catalog, and online retail operations. The Foundation has more than 81 volunteers and employs approximately 300 full-time, part-time, and seasonal staff.

Basis of accounting

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Consolidation policy

Jefferson Vineyards LLC activity has been consolidated within the Foundation’s consolidated financial statements. All intercompany transactions between the Foundation and Jefferson Vineyards LLC have been eliminated in consolidation.

Basis of presentation

The Foundation follows the requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) ASC 950-205, *Presentation of Financial Statements of Not-for-Profit Entities*. 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 net assets with donor restrictions.

Thomas Jefferson Foundation, Inc.

Notes to the Consolidated Financial Statements

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as of December 31, 2022 and 2021 and for the years then ended as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Foundation's Board of Trustees has designated, from net assets without donor restrictions, net assets for board-designated reserves and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management of the Foundation to make estimates and assumptions related to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The most sensitive estimates affecting the accompanying consolidated financial statements include the valuation of contributions receivable, the allowance for uncollectible contributions receivable, the valuation of alternative investments, the allocation of expenses to operating and support services, the depreciable lives of property and equipment, valuation of annuities and the valuation of the interest rate swap assets (liabilities).

Alternative investments consist principally of readily marketable securities, investments in other alternative investment companies, and certain investments which are not readily marketable. Because the Foundation does not directly invest in the underlying assets of the alternative investments, and due to restrictions on the transferability and timing of withdrawals from the alternative investments, the amounts realized upon liquidation could differ from such reported values and differences could be material.

Revenue recognition

Contribution revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year.

Thomas Jefferson Foundation, Inc.

Notes to the Consolidated Financial Statements

Contributions, including multi-year pledges and split-interest agreements to be received after one year, are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contribution revenue in subsequent years. Revenue under split-interest arrangements is reduced by the estimated annuities to be paid by the Foundation over the beneficiary's lifetime. Irrevocable split-interest agreements, including charitable remainder trusts, charitable lead trusts and perpetual trusts, are recorded as revenue when the trust agreements become irrevocable.

Conditional promises to give, that is those with a measurable performance or other barrier and right of return, are recognized as revenue when the conditions on which they depend have been substantially met.

Contributed services and in-kind contributions

Contributed services and in-kind contributions are recognized if they create or enhance non-financial assets or require specialized skills and would need to be purchased if not provided by donation. Contributed time for specialized or professional services meeting certain criteria are reflected as contributions in the accompanying consolidated financial statements at fair value. The fair value of these services was approximately \$658,727 and \$92,733 for the years ended December 31, 2022 and 2021, respectively and recorded as charitable contributions in the consolidated statements of activities and change in net assets.

Admissions revenue

Revenue is recognized on the date of the visitor's tour. A receivable is recorded if tickets were sold on account to a pre-approved customer such as a tour company.

Retail operations revenue

Revenue is recognized at the time of sale as museum shop and catalog sales are all cash transactions. For catalog online sales, the revenue is recognized at the time when the product is shipped and free-on board shipping point to customers.

Event revenue

Deposits for events are recognized upon signing of contracts since there is no right of return and remaining registration and venue fees are recognized upon completion of the related event.

Other revenue

Other revenues are recognized when earned.

Cash and cash equivalents

Cash and cash equivalents include all short-term, highly liquid instruments purchased with an original maturity of three months or less.

Contributions receivable

Contributions receivable are carried at the original value less an estimate made for doubtful

Thomas Jefferson Foundation, Inc.

Notes to the Consolidated Financial Statements

receivables based on a review of all outstanding pledges on an annual basis. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts was \$2,755,717 and \$2,770,000 at December 31, 2022 and 2021, respectively. Total bad debt recovery was \$14,283 for the year ended December 31, 2022 and total bad debt expense was \$5,934 for the year ended December 31, 2021.

Inventory

Inventory consists of merchandise for the museum shops, catalog, and online store. It also includes bottled wine, wine in process and re-sale merchandise for Jefferson Vineyards, LLC. These inventories are valued at the lower of cost or net realizable value, with cost determined on the average cost basis. The Foundation evaluates inventory levels and expected usage on a periodic basis and records adjustments as required.

Investments

The Foundation records investments at fair value. Interest and dividend income is accounted for on the accrual basis. Gains and losses on investments, including changes in market value, net with investment expenses are reported as net of investment return in the consolidated statements of activities and change in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

Investments in global equity funds, global fixed income funds, absolute return funds, real assets, and private capital funds are valued at net asset value, which estimates fair value. The funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the funds, which may include private placements and other securities for which prices are not readily available, are determined by the management of the respective fund and may not reflect amounts that could be realized upon immediate sale nor amounts that could be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Foundation's investments in global equity funds, global fixed income funds, absolute return funds, real assets, and private capital funds generally represents the amount the Foundation would expect to receive if it were to liquidate its investments in the funds, excluding any redemption charges that may apply. The Foundation's investments in such private investment companies are also subject to management and performance fees as specified in their agreements.

Property and equipment

Property and equipment used in operations is reported at cost or at the current estimated value at date of gift, if donated. The capitalization threshold for individual purchases is \$10,000 or greater. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Donated property is recorded at estimated fair value at the time of donation. Improvements to property and equipment that extend the useful lives of the assets are also capitalized.

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Depreciation is computed by the straight-line method using the following estimated useful lives:

Facilities and improvements	10 - 40 Years
Land improvements	10 - 40 Years
Equipment	3 - 15 Years
Computer software	3 Years
Computer hardware	3 - 10 Years
Furniture and fixtures	5 - 10 Years
Vehicles	3 - 7 Years
Leasehold improvements	Shorter of useful life of the asset or the remaining length of lease
Computer software	3 Years

Leases (Operating lease right-of-use asset and lease liability)

The Foundation adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) (ASU 2016-02), and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, "ASC Topic 842") on January 1, 2022 (the Adoption Date).

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, the Foundation determines if an arrangement contains a lease based on whether there is an identified asset and whether the Foundation controls the use of the identified asset. The Foundation also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Foundation's right to use an underlying asset and a lease liability represents the Foundation's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Foundation's leases are not readily determinable; therefore, the Foundation has elected to use a risk-free discount rate at the lease commencement date for all new leases and at the Adoption Date for all existing leases.

The Foundation's operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Foundation has elected not to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

Rental payments under the new lease standard ASC Topic 842 include base rental amounts for the terms of each lease unless the lease contains variable costs based (e.g., utilities, real estate taxes, operating expenses such as janitorial and common area maintenance, water, and insurance) on an index or rate. If a lease does include indexed or variable costs at a specific rate, the Foundation includes those costs as part of operating lease expense.

The Foundation's lease terms may include options to extend or terminate the lease. The Foundation generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Foundation will exercise those options. The

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Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For leases that contain an option to extend for an additional period, management evaluated whether it is reasonably certain that the Foundation would, in fact, extend the lease. If the Foundation was not reasonably certain that a lease would be extended, the additional term was not included in the determination of the lease liability and right-of-use asset. If the Foundation was reasonably certain that a lease would be extended, the additional term was included in the determination of the lease liability and right-of-use asset.

As a matter of policy, the Foundation has elected to exclude leases with terms of 12 months or less ("Short-Term") from the consolidated statements of financial position. Short-Term lease expense is recognized on a straight-line basis over the expected term of the lease.

Historic properties and collections

The Foundation has elected not to capitalize its historic properties and collections. These collections are related to Thomas Jefferson and his plantation home, Monticello. The most precious artifact in the collection is the house itself and the surrounding landscape, which were designed by Thomas Jefferson between 1769 and 1809.

The curatorial collections chiefly consist of paintings, decorative arts and artifacts, approximately 2,600 of which relate directly to Thomas Jefferson and Monticello, and about 1,900 books with titles and editions selected to duplicate Jefferson's original library. About 40 of these volumes are Thomas Jefferson's own copies. The Foundation's restoration department is dedicated to the architectural preservation of the house, while the curatorial collections are under the care of a full curatorial department. The Foundation's collections are maintained for public exhibition, education, and research to advance understanding of Thomas Jefferson and Monticello in furtherance of public service.

In conformity with the practice generally followed by museums, no value is assigned to the collections in the consolidated statements of financial position. Purchases of collection items are recognized as a reduction in net assets without donor restrictions in the period of the acquisition. Proceeds from deaccessions of collection items are designated for future collection acquisitions. The Foundation does not recognize the donations of collection items as contribution income, as the collections are not capitalized. The cost of acquisitions and improvements of historic properties and collections was \$62,051 and \$203,076 for the years ended December 31, 2022 and 2021, respectively.

Annuity and split-interest liabilities

In 1997, the Foundation received contributed assets in exchange for an annuity that requires the Foundation to pay the donor a fixed annual amount over the remaining life of the donor. This liability is recorded at the present value of the estimated future payments using the prevailing discount rate at the date of the contribution, which was 7.4%.

The Foundation's split-interest agreements consist of irrevocable charitable remainder unitrusts. Liabilities are recorded at the present value of the estimated future payments to the donors and/or other beneficiaries using prevailing discount rates at the date of contribution. The liabilities are adjusted during the terms of the trusts consistent with changes in the value of the assets and

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actuarial assumptions. A discount rate of 7.4% was used to determine the liabilities for the split-interest agreements as of December 31, 2022 and 2021 respectively.

Annuity and split-interest liabilities consist of the following:

<i>December 31,</i>		2022		2021
Annuity payable	\$	526,395	\$	526,995
Split-interest agreements		28,767		39,348
Total	\$	555,162	\$	566,343

Bond issuance costs

Bond issuance costs are amortized over the life of the bonds. Unamortized bond issuance costs are recorded as a reduction of long-term debt, and amortization is reported with interest expense.

Income taxes

The Foundation has been determined by the Internal Revenue Services ("IRS") to be exempt from taxes on income derived from activities related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation. However, the Foundation is subject to unrelated business income tax on certain activities which are unrelated to its exempt purpose. The Foundation has net operating loss carryforwards totaling approximately \$1.6 million, with expirations ranging from 2022 to 2037. A 100% valuation allowance has been recorded against this deferred tax asset because it is uncertain that the loss carryforward represents a future tax benefit. Jefferson Vineyards LLC is a limited liability company whose sole member is the Foundation. Consequently, Jefferson Vineyards LLC is a disregarded entity for federal and state income tax purposes.

In accordance with U.S. GAAP, the Foundation recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended December 31, 2019 and prior. Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Contributions restricted for capital expenditures

Contributions of cash or other assets subject to donor restrictions that they be used to acquire land, buildings, and equipment are reported as revenues of the net asset with donor restrictions class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

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Advertising costs

The Foundation expenses advertising costs as incurred, except for catalog costs, which are expensed when the catalog is mailed. Total advertising costs were approximately \$2,026,000 and \$1,701,000 for the years ended December 31, 2022 and 2021, respectively.

Shipping and handling costs

The Foundation includes shipping and handling costs in expenses for the museum shops, catalog, and online store. Shipping and handling costs were approximately \$1,493,000 and \$1,509,000 for the years ended December 31, 2022 and 2021, respectively.

Operations

Operating revenues and expenses include all transactions which increase or decrease net assets except those associated with net investment return, sale of assets and swap contracts.

Donated securities

Donated securities are reported at their fair value as of the date of donation. Sales are reflected on a trade-date basis.

Valuation of long-lived assets

The Foundation reviews the valuation of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No indicators of impairment were identified as of December 31, 2022 and 2021.

Functional expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and change in net assets and the statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Certain costs common to multiple functions have been allocated among the various functions benefited. Administrative expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Foundation. Accordingly, certain overhead costs have been allocated among program services, administration, and development. Compensation and benefits of certain key employees were allocated based on an estimate of time spent supervising and managing specific departments. Expenses of Buildings and Security departments were allocated based on square footage occupied by departments in program services, administration and development. Fleet departmental expenses were allocated based on a department's percentage of total Foundation vehicles. Information Technology (IT) expenses were allocated based on the percentage of a department's number of computers in use to the total of all computers. Computers inventoried for the IT, Buildings and Security departments were further allocated to non-allocated departments by purpose.

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Fair value of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. Investments are stated at fair value.

Derivative instruments

The Foundation has entered into interest rate swap agreements to mitigate changes in interest rates on their variable rate borrowings. The notional amounts of these agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. The Foundation does not use derivative financial instruments for speculative purposes.

The Foundation accounts for derivatives in accordance with authoritative guidance issued by the FASB ASC 815 - *Derivatives and Hedging*, which requires nonprofit entities to recognize all derivatives as either assets or liabilities in the consolidated statements of financial position and measure those instruments at their fair value. The guidance also requires that changes in the derivatives' fair value be recognized in the consolidated statements of activities and change in net assets. Management formally documents its derivative transactions, including identifying the hedge instruments and hedged items and its risk management objectives.

The Foundation's interest rate swaps are considered to be derivatives and are recognized as assets and liabilities at fair value in the accompanying consolidated statements of financial position as of December 31, 2022 and 2021, respectively. Changes in the fair value of the interest rate swap liabilities are recorded as unrealized gains or losses in the accompanying consolidated statements of activities and change in net assets. The Foundation recognized an unrealized gain of \$3,285,801 and \$1,673,084 on the interest rate swap liabilities for the years ended December 31, 2022 and 2021, respectively.

Concentrations of credit risk

The Foundation's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments and contributions receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Foundation has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2022 and 2021 were approximately \$20.8 million and \$5.7 million, respectively. The Foundation's contributions receivable balances consist primarily of amounts due from individuals and corporations. Historically, the Foundation has not experienced significant losses related to the contributions receivable balances and, therefore, believes that the credit risk related to them is minimal.

The Foundation is exposed to potential risks through its investments in private investment companies. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statements of financial position. Such potential risks include, but are not limited to, the following:

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Non-marketable securities

Certain private investment companies hold various types of securities that are not readily marketable. Such securities are valued using various methodologies including estimates of fair value as determined by the management of the private investment companies. Such estimates are subject to change with the passage of time and the occurrence of events, and such changes could be material.

Broker dealer risk

Certain private investment companies have clearing agreements with brokerage firms to carry accounts as customers. Such brokers have custody of the private investment companies' securities, and from time to time, cash balances which may be due from these brokers. These securities and/or cash positions serve as collateral for any amounts due to brokers as well as collateral for securities sold short or securities purchased on margin. The private investment companies are subject to credit risk as the brokers may be unable to repay balances due or deliver securities in their custody.

Investments short sales

Certain private investment companies may sell securities that they do not own and, therefore, will be obligated to purchase such securities at a future date. These obligations are recorded on those private investment companies' respective financial statements at the market value of the securities. There is an element of risk that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the obligation reflected in these private investment companies' respective financial statements.

Recently adopted authoritative guidance

In 2022, the Foundation adopted Topic ASC 842. ASC Topic 842 modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Foundation adopted ASC Topic 842 using the modified retrospective transition method, under which amounts in prior periods presented herein were not restated. For contracts existing at the time of adoption, management elected the practical expedient and did not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs.

The adoption of ASC Topic 842 resulted in the recognition of operating lease right-of-use asset and operating lease liability of \$518,380 as of the Adoption Date.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. In an effort to improve transparency in reporting nonprofit gifts-in-kind, the ASU requires not-for-profit organizations to change the consolidated financial statement presentation and disclosure of contributed nonfinancial assets. Under the new requirements, gifts-in-kind are to be presented as a separate line item, and include enhanced disclosures about the valuation of those contributions, description of any donor-imposed restrictions, and description of the valuation techniques and inputs used to arrive at a fair value measure. Effective January 1, 2022, the Foundation adopted the standard on a retrospective basis. The adoption resulted in the presentation of contributed property and services in the consolidated statements of activities. This adoption did not have any effect on the change in net assets reported at December 31, 2021. See Note 19 for disclosures required related to the adoption of this update.

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Accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses* (ASC 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for fiscal years beginning after December 15, 2022. The Foundation is evaluating the effect that adoption of this new standard will have on the Foundation's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU was issued to provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform. The optional expedients assist in accounting for the replacement of reference rates in agreements due to the reference rate reform. This elective update provides optional expedients and exceptions to the accounting requirement to evaluate each contract modification to determine whether it creates a new contract. The London Interbank Offered Rate (LIBOR) will be discontinued, which will require modification to debt agreements, lease agreements, and other contracts that reference this rate. The amendments in this new standard are effective for all entities as of March 12, 2020 through December 31, 2022. Subsequently, in December 2022, FASB issued ASU 2022-06, *Deferral of the Sunset Date*, which provides temporary optional relief in accounting for the impact of the discontinuance of the USD Libor Rate, until December 31, 2024. The Foundation has not yet adopted this new standard, but may adopt in the future as the LIBOR rate is replaced in the Foundation's borrowing facilities.

In March 2022, FASB issued ASU 2022-01, *Fair Value Hedging - Portfolio Layer Method*. This update changed the "last of layer method" to "Portfolio Layer Method", as well as provides provision: (1) the Portfolio Layer method allows hedging of multiple layers of a single closed portfolio, (2) the Portfolio Layer method also applies to non-prepayable financial assets. This ASU allow entities to hedge a larger proportion of the interest rate risk in the portfolio, align hedge accounting more closely with their risk management activities, and apply consistent approach to all financial assets in the portfolio. This guidance is effective for fiscal years beginning after December 14, 2023. The Foundation is evaluating the effect that adoption of this new standard will have on the Foundation's consolidated financial statements.

In June 2022, FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820)*. This ASU was issued to clarify the guidance in Topic 820, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This amendment also requires the following disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the consolidated statements of financial position; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). ASU 2022-03 effective date is for fiscal year ends beginning after December 15, 2024. The ASU should be applied prospectively and, any adjustments from adoption should be recognized in earnings and disclosed

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on the date of adoption. Management is currently evaluating the impact that adoption of this guidance will have on the Foundation's consolidated financial statements.

2. Liquidity and Availability

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 10% of annual program funding needs, with the remainder funded by retail operations, admissions fees, and appropriated earnings from gifts with donor restrictions.

The board-designated endowment of \$140,238,079 and \$173,526,268 as of December 31, 2022 and 2021, respectively, is subject to an annual spending rate of 5% as described in Note 15. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$10,673,198 and \$8,425,188 as of December 31, 2022 and 2021, respectively.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, development expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

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Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

<i>December 31,</i>	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,828,132	\$ 5,933,828
Cash held in escrow	260,000	-
Accounts receivable	1,746,312	1,698,875
Contributions receivable, net	4,272,309	1,232,291
Investments and investment receivable	243,017,399	316,832,472
Total financial assets	270,124,152	325,697,466
Less amounts not available to be used within one year:		
Contributions receivable for restricted gifts and contributions receivable due after one year, net	(4,192,572)	(1,190,611)
Investments held in 457(b) accounts	(274,279)	(288,766)
Cash held in escrow	(260,000)	-
Less donor-imposed restrictions:		
Subject to expenditures for specified purpose	(25,600,905)	(29,168,860)
Endowments	(86,533,348)	(107,182,705)
Less board designations:		
Board-designated endowments	(140,238,079)	(173,526,268)
Board-designated reserve funds	(10,673,198)	(8,425,188)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 2,351,771	\$ 5,915,068

3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2022	2021
Employee retention credit receivable (see Note 20)	\$ 1,312,489	\$ 1,312,489
Grants receivable	272,609	162,691
Admissions receivable	20,877	11,085
Events receivable	4,590	11,086
Other receivables	135,747	201,524
Total accounts receivable	\$ 1,746,312	\$ 1,698,875

Management believes all amounts will be collected; therefore, no allowance for uncollectible accounts has been recorded.

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4. Contributions Receivable

Unconditional promises to give are recorded as receivables in the year promised and are recognized as without donor restrictions or with donor restrictions, as appropriate.

The Foundation has presented its unconditional promises to give at net realizable value, which has been estimated by discounting expected future cash flows from promises to give using a discount rate of 7.75% and 3.25% at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021 contributions receivable are expected to be received as follows:

	2022	2021
Less than one year	\$ 6,510,085	\$ 3,216,977
One to five years	599,673	850,819
	<u>7,109,758</u>	<u>4,067,796</u>
Less allowance for uncollectible contributions	(2,755,717)	(2,770,000)
Less discount to present value	(81,732)	(65,505)
	<u>\$ 4,272,309</u>	<u>\$ 1,232,291</u>
Total contributions receivable, net		
Contributions receivable, current portion	\$ 3,754,368	\$ 446,977
Contributions receivable, net of current portion	517,941	785,314
	<u>\$ 4,272,309</u>	<u>\$ 1,232,291</u>
Total contributions receivable, net		

The ownership of net contributions receivable for each class of net assets at December 31:

	2022	2021
Without donor restrictions	\$ 22,737	\$ 3,180
With donor restrictions	4,249,572	1,229,111
	<u>\$ 4,272,309</u>	<u>\$ 1,232,291</u>
Total contributions receivable, net		

The Foundation has received other promises to give which are conditional upon the incurrence of certain expenses, the matching of gift amounts, or other conditions. Conditional promises are not recorded as receivables until conditions have been met. There were no conditional pledges for the years ended December 31, 2022 and 2021.

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5. Net Investment Returns

Net investment returns are reconciled to the accompanying consolidated statement of activities and change in net assets for the year ended at December 31, 2022 as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends (net of management fees of \$1,191,078)	\$ 411,589	\$ 298,359	\$ 709,948
Realized gain	15,171,375	11,179,374	26,350,749
Unrealized loss	(42,917,176)	(31,449,220)	(74,366,396)
Total investment return, net	\$ (27,334,212)	\$ (19,971,487)	\$ (47,305,699)

Net investment returns are reconciled to the accompanying consolidated statement of activities and change in net assets for the year ended December 31, 2021 as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends (net of management fees of \$1,303,167)	\$ 173,068	\$ 62,511	\$ 235,579
Realized gain	13,125,677	9,645,906	22,771,583
Unrealized loss	(1,560,107)	(1,192,709)	(2,752,816)
Total investment return, net	\$ 11,738,638	\$ 8,515,708	\$ 20,254,346

6. Property and Equipment

Property and equipment (exclusive of historic properties and collections) consists of the following:

<i>December 31,</i>	2022	2021
Facilities and improvements	\$ 73,233,693	\$ 70,460,084
Land	25,193,737	15,505,694
Land improvements	12,334,424	11,837,843
Equipment	7,817,355	7,621,859
Computer software	2,097,141	2,097,141
Computer hardware	1,670,771	1,670,771
Furniture and fixtures	1,341,691	1,325,691
Vehicles	1,144,922	963,857
Leasehold improvements	850,705	838,664
Total property and equipment	125,684,439	112,321,604
Less: accumulated depreciation	(49,477,036)	(46,264,500)
Property and equipment, net	\$ 76,207,403	\$ 66,057,104

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Depreciation and amortization expense on property and equipment totaled \$3,324,838 and \$3,710,101 for the years ended December 31, 2022 and 2021, respectively.

7. Acquisition of a Subsidiary

Under the terms of an asset purchase agreement effective December 31, 2022, the Foundation acquired Jefferson Vineyards in a business combination accounted for under the acquisition method for an aggregate purchase price of \$15 million. The purchase price of \$15 million was outstanding and included in the accounts payable on the consolidated statements of financial position as of December 31, 2022. The full balance was subsequently paid on January 3, 2023.

Following is the summary of the fair value of the assets acquired and liabilities assumed in the acquisition of Jefferson Vineyards as of December 31, 2022:

Purchase price	\$ 15,000,000
Contingent consideration	156,549
	<u>15,156,549</u>
Inventories and other current assets	1,037,331
Land	9,259,888
Facilities and improvements	2,488,265
Land improvements	391,887
Other identifiable assets	85,938
	<u>13,263,309</u>
Total assets acquired	
Total liabilities assumed	<u>(2,428)</u>
Intangible assets	\$ 1,895,668

Intangible assets of \$1,895,668 includes goodwill, non-compete and trademark assets. The Foundation elected to amortize these goodwill and trademark assets using the straight-line method over 10 years. The non-compete agreement will be amortized using the straight-line method over 5 years, the term specified in the agreement. There was no amortization expense recognized for the year ended December 31, 2022.

8. Paycheck Protection Program (PPP) Loan Payable

On April 28, 2020, the Foundation was granted a loan in the amount of \$2,837,365 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses for eligible purposes including payroll costs, group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. On June 14, 2021, the full amount of the loan was forgiven by the Small Business Administration ("SBA"), as a result, \$2,837,365 was recorded as income under non-operating activities on the consolidated statements of activities.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to potential audit by the SBA for compliance with PPP requirements for a period up to ten years from date the loan is provided. If the SBA determines in the course of its audit that the

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Foundation lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While the Foundation believes the PPP loan was properly obtained, there can be no assurance regarding the outcome of an SBA review and related forgiveness of the PPP loan should an audit of the loan process occur.

9. Line-of-Credit

The Foundation has a \$1.5 million bank line-of-credit with Truist Bank (“Truist”). Interest on the line-of-credit is based on the greater of 2.25% or one-month LIBOR plus 1.5% per annum (5.89% as of December 31, 2022 and 2021). The line-of-credit is secured by certain investments of the Foundation and is subject to certain covenants, as defined in the agreement. There was no outstanding balance on the line at December 31, 2022 and 2021. The line-of-credit agreement has been renewed and expires on December 14, 2024.

10. Long-Term Debt

The Foundation has issued \$30 million in tax-exempt revenue bonds through the Industrial Development Authority of Albemarle County, Virginia to finance the construction of the Foundation’s visitor center. The bond was purchased by Truist in December 2011. Interest is due monthly at 75% of one-month LIBOR plus 0.85% (4.53% and 0.87% as of December 31, 2022 and 2021, respectively). The bonds mature in 2037; however, the bondholder may exercise an option to put the bonds to the Foundation beginning December 2018 and every seven years thereafter. In October 2017, the Foundation signed an agreement with Truist to elect not to tender the Bond for purchase on the tender date of December 1, 2018, and that the next tender date will be December 1, 2025.

The Foundation’s bonds are not subject to any loan covenants other than submitting audited consolidated financial statements on an annual basis.

Long-term debt consists of the following at December 31:

	2022	2021
Series 2011 bonds, balloon maturity in 2037	\$ 29,746,000	\$ 29,746,000
Less: unamortized bond discount	(42,050)	(44,950)
Less: unamortized cost of issuance	(47,191)	(50,445)
Total long-term debt, net of discount and issuance costs	\$ 29,656,759	\$ 29,650,605

Interest expense, including amortization of bond issuance costs, annuity interest, letter of credit fees, net swap interest expense, and promissory notes payable recorded under other expense account in the consolidated statements of functional expenses was \$1,277,364 and \$1,178,766 for the years ended December 31, 2022 and 2021, respectively. No interest was capitalized in the years ended December 31, 2022 and 2021.

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11. Interest Rate Swap Agreements

The Foundation has executed swap agreements which effectively fix the interest rate on its outstanding bonds. Under these agreements, the Foundation pays a fixed rate to a counterparty, and in return, the counterparty pays the applicable variable rate. The Foundation's swap agreements consist of the following:

Effective Date	Notional Amount	Floating Rate	Termination Date	Rates [†]	Fair Value Asset (Liability) December 31, 2022	Fair Value Asset (Liability) December 31, 2021
January 1, 2008	\$ 10 million	67% USD LIBOR-BBA	January 1, 2028	3.3425%	\$ (353,672)	\$ (1,441,220)
April 1, 2009	\$ 5 million	67% USD LIBOR-BBA	April 1, 2029	2.8000%	(81,400)	(661,290)
April 6, 2009	\$ 5 million	67% USD LIBOR-BBA	April 1, 2029	2.2500%	69,651	(471,057)
February 1, 2018	\$ 9.7 million	75% USD LIBOR-BBA	December 1, 2032	3.0900%	579,868	(497,786)
Net swap agreement assets (liabilities)					\$ 214,447	\$ (3,071,353)

[†] Rates do not include the credit spread

Net swap interest expense was \$451,260 and \$807,398 for the years ended December 31, 2022 and 2021, respectively, not including the change in fair value of the swap contracts.

12. Notes Payable

On June 3, 2021, the Foundation acquired South Lego Farm as part of the Foundation's continued efforts to acquire land that was part of the Jefferson's original 5,000-acre site, also protecting the viewshed from development and linking the Foundation properties of Lego and Shadwell along the riverfront. The Foundation purchased approximately 58.13 acres, along with the non-historic building improvements, known as the South Lego Farm, from a private individual and South Lego Farm, LLC for \$1,663,000. The Foundation paid \$150,000 at settlement and issued promissory notes to pay the remaining balance of \$1,513,000: \$620,000 and \$893,000 to a private individual and South Lego Farm, LLC, respectively. The notes bear an interest rate of 3% on the unpaid principal balance.

The future principal payments on the notes at December 31, 2022, are as follows:

Less than one year	\$ 200,000
One to five years	963,000
	\$ 1,163,000

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13. Employee Benefit Plans

401(k) plan

The Foundation maintains a 401(k) plan which covers substantially all employees. Employees are able to contribute to the plan when hired and are eligible for the employer match on the first open enrollment date following one year of employment. The 401(k) plan allows employees to voluntarily defer the maximum amount of compensation allowed by law and provides an employer matching contribution ranging from 3% to 6% of compensation.

Contributions by the Foundation to the 401(k) plan were approximately \$573,885 and \$597,707 for the years ended December 31, 2022 and 2021, respectively.

457(b) plan

On January 1, 2013, the Foundation introduced a nonqualified deferred compensation plan (457(b)) for certain employees. The 457(b) plan enables participants to defer a portion of their compensation. Total contributions to the 457(b) plan were \$41,000 and \$39,000 for the years ended December 31, 2022 and 2021, respectively.

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14. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

<i>December 31,</i>	2022	2021
Subject to expenditures for specified purpose:		
Education programs	\$ 14,275,343	\$ 17,102,859
Curatorial and restoration programs	6,317,240	5,714,966
Robert H. Smith International Center for Jefferson Studies	5,008,322	6,351,305
Promises to give, the proceeds from which have been restricted by donors:		
Education Programs	112,785	113,582
Curatorial and restoration programs	-	5,430
Robert H. Smith International Center for Jefferson Studies	3,743,025	131,344
	29,456,715	29,419,486
Subject to passage of time:		
Assets held under split-interest agreements	47,203	65,684
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	121,719	164,773
	168,922	230,457
Endowments:		
Subject to the Foundation's endowment spending policy and appropriation:		
Education programs	22,216,705	27,619,618
Curatorial and restoration programs	18,875,846	23,530,119
Robert H. Smith International Center for Jefferson Studies	40,644,912	50,336,790
General use	5,340,536	6,672,852
	87,077,999	108,159,379
Not subject to the Foundation's endowment spending policy and appropriation:		
Beneficial interest in life insurance policy	120,013	115,442
Total endowments (See Note 15)	87,198,012	108,274,821
Total net assets with donor restrictions	\$ 116,823,649	\$ 137,924,764

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Assets were released from donor restrictions by the Foundation incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by donors, or from the passage of time as follows:

<i>Years Ended December 31,</i>	2022	2021
Expiration of time restrictions	\$ 188,054	\$ 32,742
Satisfaction of purpose restrictions:		
Education programs	1,969,177	826,558
Curatorial and restoration programs	66,660	394,786
Robert H. Smith International Center for Jefferson Studies	2,005,794	1,603,666
Total satisfaction of purpose restrictions	4,041,631	2,825,010
Restricted-purpose spending rate distributions and appropriations:		
Education programs	1,386,971	1,085,316
Curatorial and restoration programs	648,815	661,896
Robert H. Smith International Center for Jefferson Studies	1,424,684	1,384,648
General use	293,289	268,341
Total restricted-purpose spending rate distributions and appropriations	3,753,759	3,400,201
Total net assets released from donor restrictions	\$ 7,983,444	\$ 6,257,953

15. Endowment Funds and UPMIFA

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of Virginia. “Endowment” is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that are invested to provide future revenue to support the Foundation’s activities.

The Foundation’s endowment consists of approximately 50 individual funds established for a variety of purposes and includes investments pooled for endowment as well as certain contributions receivable which are permanently restricted to endowment. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the original dollar amount of the gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as amounts required to be maintained 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) any 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

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the donor-restricted endowment fund that is not classified in amounts required to be held 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. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation's Board of Trustees has adopted investment and spending policies for endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. The objective of the investment policy is to support the growing operations of the Foundation and to preserve the purchasing power of the endowment's principal by attaining an average annual real return of at least 5% over the long term (running five-year periods) while maintaining an investment risk profile of a portfolio invested 75% in equities and 25% in bonds.

Strategies Employed for Achieving Objectives

To achieve its long-term investment objective, 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 that places a greater emphasis on equity-based investments to achieve its long-term return objective within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating 5% of the three-year trailing average of market values of the endowment funds as of the preceding June 30. In establishing its spending policy, the Foundation considered its investment policy objective of attaining an average annual real return of 5.0%. Accordingly, over the long term, the spending policy will maintain the purchasing power of the endowment.

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The Foundation's endowment funds consist of the following as of December 31, 2022:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 140,238,079	\$ -	\$ 140,238,079
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	52,877,304	52,877,304
Accumulated investment gains	-	34,320,708	34,320,708
	\$ 140,238,079	\$ 87,198,012	\$ 227,436,091

The Foundation's endowment funds consist of the following as of December 31, 2021:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 173,526,268	\$ -	\$ 173,526,268
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	52,582,944	52,582,944
Accumulated investment gains	-	55,691,877	55,691,877
	\$ 173,526,268	\$ 108,274,821	\$ 281,801,089

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2022 and 2021, there were no deficiencies reported in net assets with donor restrictions.

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Changes in endowment composition by net asset classification are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, December 31, 2020	\$ 167,381,180	\$ 105,103,531	\$ 272,484,711
Investment returns, net	11,657,628	7,094,802	18,752,430
Contributions	-	190,794	190,794
Appropriation of endowment assets pursuant to spending-rate policy	(5,512,540)	(4,114,306)	(9,626,846)
Endowment net assets, December 31, 2021	173,526,268	108,274,821	281,801,089
Investment returns, net	(27,326,984)	(16,721,662)	(44,048,646)
Additions/contributions	622,000	294,360	916,360
Appropriation of endowment assets pursuant to spending-rate policy	(6,583,205)	(4,649,507)	(11,232,712)
Endowment net assets, December 31, 2022	\$ 140,238,079	\$ 87,198,012	\$ 227,436,091

16. Commitments and Contingencies

Lease commitments

The Foundation has a non-cancelable lease arrangement with Virginia Land Holdings, LLC of approximately 28,600 square feet for retail warehouse space which expires at the end of June 2024. The Foundation does not have any leases that are classified as a finance lease.

All lease agreements, other than those determined to be short-term leases, for the year ended December 31, 2022, are accounted for under ASC Topic 842; for the year ended December 31, 2021, all leases were accounted for under the previous lease standard.

Operating and short-term lease expense in the consolidated statement of activities for the year ended December 31, 2022, which is included in “Rent (including equipment rental)” and “Maintenance and supplies” expense lines in the consolidated statements of functional expenses, is:

	2022
Operating lease expense	\$ 209,806
Short-term lease expense	972,788
Total lease expense	\$ 1,182,594

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The weighted-average remaining lease term and discount rate related to the Foundation's lease liability as of December 31, 2022, are:

Weighted average remaining lease term	1.5 years
Weighted average discount rate	0.91%

Aggregate remaining maturities of lease liability as of December 31, 2022, are as follows:

	2022
2023	\$ 210,632
2024	105,316
Total operating lease payments	315,948
Less: Imputed interest	(2,265)
Total operating lease liability	\$ 313,683

Under the previous lease standard, at December 31, 2021, the Foundation's future minimum rental payments, by year and in the aggregate, under its operating lease are as follows:

Years ending December 31,	Minimum Annual Lease Payments
2022	\$ 108,189
2023	3,787
2024	2,087
	\$ 114,063

The gross rental and lease expense for the year ended December 31, 2021 was \$235,000.

Other commitments

The Foundation has an agreement with Princeton University whereby Princeton assigned full responsibility to the Foundation for editing the chronological-series volumes of the Papers of Thomas Jefferson embracing the period from Jefferson's retirement from the Presidency in March 1809 until his death in 1826 (the retirement series). In assuming full responsibility for the retirement series, the Foundation also assumed full financial responsibility for the editorial preparation, which is estimated to require 24 volumes with one volume being produced annually at an estimated total cost of \$22 million over 24 years. The Foundation has completed eighteen volumes and seventeen volumes as of December 31, 2022 and 2021, respectively.

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17. Investments and Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Foundation reports certain investments using the net asset value per share as determined by investment managers under the so called “practical expedient”. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

FASB ASC 820, *Fair Value Measurement* (ASC 820) defines fair value, requires disclosures about fair value measurements, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described 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; and
- 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 level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. For purposes of reporting assets in the fair value hierarchy, the Foundation considers the following investments to be Level 1 assets given that the unadjusted

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quoted prices are available in active markets that are accessible at the measurement date for identical unrestricted assets: cash and cash equivalents, equities, and mutual funds. If quoted prices in active markets for identical assets are not available to determine fair value, then the Foundation uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2.

The balance of the Foundation's investments includes investment in hedge funds and private capital funds. These funds are held as units or interest in institutional funds or limited partnerships, which are stated at net asset value (NAV) or its equivalent. The Foundation uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV.

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Fair value on a recurring basis - assets

The table that follows summarizes the Foundation's financial assets and liabilities that are measured at fair value on a recurring basis within the fair value hierarchy at December 31, 2022.

<i>Description</i>	Assets Measured at Fair Value	Fair Value Hierarchy Level			NAV
		Level 1	Level 2	Level 3	
Equities					
Finance	\$ 4,566,142	\$ 4,566,142	\$ -	\$ -	-
Services and other	10,605,008	10,605,008	-	-	-
Health	4,403,010	4,403,010	-	-	-
Energy	750,878	750,878	-	-	-
Technology	7,610,561	7,610,561	-	-	-
Total equities	27,935,599	27,935,599	-	-	-
Mutual funds					
Equity	23,137,289	23,137,289	-	-	-
Fixed income	6,112,168	6,112,168	-	-	-
Total mutual funds	29,249,457	29,249,457	-	-	-
Cash and cash equivalents	5,703,528	5,703,528	-	-	-
Total investments at fair value within the fair value hierarchy	62,888,584	62,888,584	-	-	-
Investments measured at net asset value*:					
Global equities	80,220,637	-	-	-	80,220,637
Global fixed income	15,038,463	-	-	-	15,038,463
Absolute return	35,185,254	-	-	-	35,185,254
Real assets	16,485,324	-	-	-	16,485,324
Private capital	27,795,464	-	-	-	27,795,464
Total investments measured at net asset value	174,725,142	-	-	-	174,725,142
Total investments	\$ 237,613,726	\$ 62,888,584	\$ -	\$ -	\$ 174,725,142

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

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The table that follows summarizes the Foundation's financial assets and liabilities that are measured at fair value on a recurring basis within the fair value hierarchy at December 31, 2021.

<i>Description</i>	Assets Measured at Fair Value	Fair Value Hierarchy Level			NAV
		Level 1	Level 2	Level 3	
Equities					
Finance	\$ 3,686	\$ 3,686	\$ -	\$ -	-
Services and other	12,617	12,617	-	-	-
Health	4,222	4,222	-	-	-
Energy	826	826	-	-	-
Technology	16,298	16,298	-	-	-
Total equities	37,649	37,649	-	-	-
Mutual funds					
Equity	15,780,829	15,780,829	-	-	-
Fixed income	19,120,517	19,120,517	-	-	-
Total mutual funds	34,901,346	34,901,346	-	-	-
Cash and cash equivalents	6,057,184	6,057,184	-	-	-
Total investments at fair value within the fair value hierarchy	40,996,179	40,996,179	-	-	-
Investments measured at net asset value*:					
Global equities	152,110,851	-	-	-	152,110,851
Global fixed income	22,937,198	-	-	-	22,937,198
Absolute return	58,421,024	-	-	-	58,421,024
Real assets	12,662,265	-	-	-	12,662,265
Private capital	26,340,457	-	-	-	26,340,457
Total investments measured at net asset value	272,471,795	-	-	-	272,471,795
Total investments	\$ 313,467,974	\$ 40,996,179	\$ -	\$ -	\$ 272,471,795

*Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

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Changes in fair value levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. The Foundation's management evaluates the significance of transfers between levels based upon the nature of the investment.

Investments at net asset value

The major categories of the Foundation's investments that are valued at net asset value, including general information related to each category, are as follows at December 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equities (a)	\$ 80,220,637	\$	Monthly, Quarterly, Annually, and - Rolling Lock-Up	6 - 120 days
Global fixed income (b)	15,038,463		Daily, Quarterly, twice monthly, - and Illiquid	5 - 60 days
Absolute return (c)	35,185,254		Quarterly, Annually, Semi- Annually, Biennial, Monthly and - Rolling Lock-Up	30 - 90 days
Real assets (d)	16,485,324	19,460,305	Monthly	30 days
Private capital (e)	27,795,464	25,483,406	Illiquid	N/A
	\$ 174,725,142	\$ 44,943,711		

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The major categories of the Foundation's investments that are valued at net asset value, including general information related to each category, are as follows at December 31, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equities (a)	\$ 152,110,851	\$	Monthly, Quarterly, Annually, and Rolling Lock-Up	6 - 120 days
Global fixed income (b)	22,937,198		Daily, Quarterly, twice monthly, and Illiquid	5 - 60 days
Absolute return (c)	58,421,024		Quarterly, Annually, Semi-Annually, Biennial, Monthly and Rolling Lock-Up	30 - 90 days
Real assets (d)	12,662,265	23,162,525	Monthly	30 days
Private capital (e)	26,340,457	22,674,326	Illiquid	N/A
	\$ 272,471,795	\$ 45,836,851		

- (a) Global equities describe an asset mix of international, domestic, emerging markets, and global equity investments. The fair value of investments in this category has been estimated using the net asset value per share (or equivalent) practical expedient. Approximately 68% of the value of these investments is available for redemption on December 31, 2022 or in the near term and at the end of each calendar quarter thereafter.
- (b) Global fixed income describes an asset mix of domestic and global fixed income investments that range from high yield to sovereign bonds. The fair value of investments in this category has been estimated using the net asset value per share (or equivalent) practical expedient. 85% of the value of these investments is available for redemption on December 31, 2022 or in the near term thereafter.
- (c) Absolute return funds invest in a mix of differentiated hedge funds including equity hedge, fixed income, multi-strategy, and event-driven strategies. The fair value of investments in this category has been estimated using the net asset value per share (or equivalent) practical expedient. Approximately 53% of the value of these investments is available for redemption on December 31, 2022 or in the near term and at the end of each calendar quarter thereafter.
- (d) Real assets funds consist of public and private investments in real estate, infrastructure, commodities, and inflation hedge investments. The fair value of investments in this category has been estimated using the net asset value per share (or equivalent) practical expedient. The investments in public real assets are liquid and may be redeemed monthly after a one year soft lock-up. Investments in private real assets can never be redeemed with the fund.

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- (e) Private capital funds consist of limited partnerships that are organized to make either direct or indirect investments in companies. Strategies include buyout, venture capital, and growth investments. The fair value of investments in this category has been estimated using the net asset value per share (or equivalent) practical expedient. Investments can never be redeemed with the fund. The nature of investments results in distributions through liquidation of underlying assets which are received over 5 to 8 years.

Fair value on a recurring basis - assets (liabilities)

Financial assets (liabilities) measured at fair value on a recurring basis are summarized below:

Description	As of December 31, 2022			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Interest rate swap assets	\$ 214,447	\$ -	\$ 214,447	\$ -

Description	As of December 31, 2021			
	Liabilities Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Interest rate swap liabilities	\$ (3,071,353)	\$ -	\$ (3,071,353)	\$ -

Fair value on a nonrecurring basis

The fair value of the Foundation's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

The fair value of the Foundation's contributions receivable and annuity and split-interest liability is estimated using a discounted cash flow analysis based on the current U.S. Treasury rate for the applicable term.

The fair value of the Foundation's notes payable and long-term debt is estimated using a discounted cash flow analysis based on the interest rates the Foundation would incur for long-term debt of the same remaining maturities, collateral requirements, and credit quality. The fair value is the estimated amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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The following table presents the carrying values and fair values of other significant financial assets and liabilities that qualify as financial instruments, determined in accordance with the authoritative guidance for fair value disclosures of financial instruments, at December 31:

	Level in Fair Value Hierarchy	2022	
		Carrying Amount	Fair Value
Contributions receivable, net	2	\$ 4,272,309	\$ 4,354,041
Notes payable	2	\$ 1,163,000	\$ 1,200,611
Long-term debt	2	\$ 29,656,759	\$ 29,698,809
Annuity and split-interest liabilities	2	\$ 555,162	\$ 730,976

	Level in Fair Value Hierarchy	2021	
		Carrying Amount	Fair Value
Contributions receivable, net	2	\$ 1,232,291	\$ 1,297,796
Notes payable	2	\$ 1,363,000	\$ 1,425,375
Long-term debt	2	\$ 29,650,605	\$ 29,695,555
Annuity and split-interest liabilities	2	\$ 566,343	\$ 745,952

18. Concentrations

A pledge from one donor represented approximately 82% of net contributions receivable at December 31, 2022. Pledges from two donors represented approximately 53% of net contributions receivable at December 31, 2021.

19. Contributed Property and Services

The Foundation received contributed non-financial assets in the form of property and services to support programs. These contributed non-financial assets meet the criteria for revenue recognition under FASB ASC 958-605-25, *Contributed Services*, at the fair value of non-financial assets on the consolidated statements of activities.

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Notes to the Consolidated Financial Statements

During the years ended December 31, 2022 and 2021, the Foundation received contributed property and services of \$658,727 and \$92,733, respectively, as follows:

<i>Years ended December 31,</i>		2022	2021
<u><i>Type of service</i></u>	<u><i>Valuation Techniques</i></u>		
Real property	Third party appraisal value	\$ 622,000	\$ -
Event support	Market value of services from vendors	18,331	1,806
Professional services	Market value of services from vendors	11,896	9,500
Personal property	Market value of items purchased	6,500	81,427
		\$ 658,727	\$ 92,733

20. Risks and Uncertainties

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation applied for and received funds under PPP loan program during the year ended December 31, 2020. The loan was forgiven in June 2021. See Note 8 for information regarding the PPP loan.

Employee Retention Credit (ERC)

The CARES Act, as originally enacted allowed eligible employers to claim an ERC against applicable employment taxes for qualified wages paid after March 12, 2020 and before January 1, 2021. In December 2020, the ERC under the CARES Act was amended to extend the application of the ERC to qualified wages paid after December 31, 2020 and before July 1, 2021. The Foundation determined it was eligible to receive the ERC for 2021 for January 1st to June 30th and recognized income under government support on the consolidated statements of activities amounting to \$2,589,533. Of the total ERC recognized as income, \$1,312,489 was still outstanding and included in the accounts receivable line on the consolidated statements of financial position as of December 31, 2022 and 2021. Payment in full, plus interest of \$52,496, was received by the Foundation on May 22, 2023.

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Notes to the Consolidated Financial Statements

21. Subsequent Events

Management has evaluated subsequent events through November 14, 2023, the date the consolidated financial statements were available to be issued. Other than matters discussed in Notes 7 and 20 and items below, there were no other events noted that required adjustment to or disclosure in the consolidated financial statements.

On February 3, 2023, the Foundation received a post-closing loan of \$8.4 million from Virginia National Bank (VNB) for the Jefferson Vineyards purchase. The loan will be repaid in monthly installments of principal and interest (rate of 5.50%) based on a 25-year amortization with the loan maturing in five years on February 3, 2028. Payments to begin in March 2023.

On April 18, 2023, the Foundation amended its existing debt instruments to replace existing LIBOR with the use of Secured Overnight Financing Rate (SOFR). The change to SOFR required language updates to the bond documents and some of the related swap agreements.