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***The Virginia Foundation for
Architecture, Incorporated
D/B/A The Virginia Center
for Architecture Foundation
and Subsidiaries***

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Virginia Foundation for Architecture, Incorporated
d/b/a The Virginia Center for Architecture Foundation
and Subsidiaries
Richmond, Virginia

We have audited the accompanying consolidated financial statements of The Virginia Foundation for Architecture, Incorporated d/b/a The Virginia Center for Architecture Foundation and Subsidiaries (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Virginia Foundation for Architecture, Incorporated d/b/a The Virginia Center for Architecture Foundation and Subsidiaries as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial information listed as supplemental information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Richmond, Virginia
February 6, 2016

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FINANCIAL STATEMENTS

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES**

Consolidated Statement of Financial Position
December 31, 2014

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ASSETS

Current assets	
Cash and cash equivalents	\$ 38,612
Accounts receivable	1,331
Contributions receivable	27,566
Inventory	10,321
Prepaid expenses	<u>8,474</u>
Total current assets	86,304
Investments	338,777
Contributions receivable	1,183
Property and equipment, net	<u>3,695,237</u>
Total assets	<u>\$ 4,121,501</u>

See accompanying notes to consolidated financial statements.

THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES

Consolidated Statement of Financial Position
December 31, 2014

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LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of long-term debt	\$ 71,201
Line of credit	50,000
Accounts payable	
Trade	98,091
Related party	46,429
Accrued expenses	62,347
Deferred revenue	<u>14,600</u>
Total current liabilities	342,668
Other liabilities	
Long-term debt, net of current portion	<u>1,818,344</u>
Total liabilities	<u>2,161,012</u>
Net assets	
Unrestricted	1,364,570
Temporarily restricted	501,114
Permanently restricted	<u>94,805</u>
Total net assets	<u>1,960,489</u>
Total liabilities and net assets	<u>\$ 4,121,501</u>

See accompanying notes to consolidated financial statements.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES**

Consolidated Statement of Activities
Year Ended December 31, 2014

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Grants and contributions	\$ 168,766	\$ 9,214	\$ -	\$ 177,980
Program revenue	56,391	-	-	56,391
Retail income	5,442	-	-	5,442
Rental income	226,256	-	-	226,256
Investment income	22,768	-	-	22,768
Net realized gain on investments	35,072	-	-	35,072
Net unrealized loss on investments	(13,182)	-	-	(13,182)
Total revenue	501,513	9,214	-	510,727
NET ASSETS RELEASED FROM RESTRICTIONS				
	169,549	(169,549)	-	-
EXPENSES				
Program services				
Preservation	328,157	-	-	328,157
Education	110,809	-	-	110,809
Management and general	418,953	-	-	418,953
Fund raising	30,671	-	-	30,671
Total expenses	888,590	-	-	888,590
Total changes in net assets	(217,528)	(160,335)	-	(377,863)
Net assets, beginning of year	1,582,098	661,449	94,805	2,338,352
Net assets, end of year	\$ 1,364,570	\$ 501,114	\$ 94,805	\$ 1,960,489

See accompanying notes to consolidated financial statements.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES**

Consolidated Statement of Cash Flows
Year Ended December 31, 2014

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Cash flows from operating activities	
Change in net assets	\$ (377,863)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	142,302
Net realized gains on investments	(35,072)
Net unrealized loss on investments	13,182
Changes in operating assets and liabilities	
Accounts receivable	3,219
Contributions receivable	111,067
Inventory	(343)
Prepaid expenses	12,511
Accounts payable	74,903
Accrued expenses	33,812
Deferred revenue	(6,009)
Net cash used in operating activities	(28,291)
Cash flows from investing activities	
Purchase of property and equipment	(16,776)
Proceeds from sale of investments	129,259
Purchase of investments	(71,115)
Net cash provided by investing activities	41,368
Cash flows from financing activities	
Net borrowings on line of credit	20,000
Principal payments on long-term debt	(60,687)
Net cash used in financing activities	(40,687)
Net decrease in cash and cash equivalents	(27,610)
Cash and cash equivalents	
Beginning of year	66,222
End of year	\$ 38,612
Supplemental disclosure of cash flow information	
Cash paid for interest	\$ 99,286

See accompanying notes to consolidated financial statements.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
December 31, 2014

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: The Virginia Foundation for Architecture, Incorporated d/b/a The Virginia Center for Architecture Foundation and Subsidiaries (collectively, the "Foundation") was organized as a nonprofit organization to enlarge the public understanding of architecture by supporting education, research, preservation, exhibition, and publication relating to architecture and its allied arts and sciences; to support architectural studies; and to restore and preserve historic landmarks. The Foundation's support comes primarily from grants, contributions, rental, and investment activities.

Financial Resources: The Foundation has experienced a decline in grants and contributions and program revenue over the past several years partially caused by the downturn in the construction industry. In past years, in order to continue to meet its debt payments, the Foundation has had to borrow from its temporarily restricted net assets, which are restricted to fund scholarships.

Management of the Foundation is continuing to address the financial resources by actively looking for new donations from existing or new donors and closely monitoring expenses. Management has also continued to increase its rental income as another financial resource. This strategy has allowed the repayment of some of these inter-fund borrowings.

Principles of Consolidation: The consolidated financial statements include the accounts of The Virginia Foundation of Architecture, Incorporated, and its wholly owned subsidiary, Branch House, Inc. Branch House, Inc. is the sole member in Branch House, LLC, a disregarded entity. All significant intercompany accounts and transactions have been eliminated.

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

Use of Estimates: The preparation of consolidated financial statement in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect 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.

Cash and Cash Equivalents: The Foundation considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents. The cash balances are non-interest bearing and fully insured by the Federal Deposit Insurance Corporation through December 31, 2014.

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**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
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Notes to Consolidated Financial Statements
December 31, 2014

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Contributions Receivable: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recorded once an unconditional promise to give has been received by the Foundation. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support, which increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Amounts received that are restricted for perpetuity are reported as permanently restricted support, which increases that net asset class. The donor can permanently restrict endowment contributions. Investment earnings on endowment contributions available for distribution are recorded in temporarily restricted net assets until appropriated for expenditure.

Inventory: Museum shop inventory is stated at the lower of average cost or market value.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value with gains and losses included in operations. Fair value is based on quoted market prices or the fair value is determined by external investment managers. Unrealized gains and losses are included in the consolidated statement of activities.

Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the consolidated financial statements.

Property and Equipment: During 2003, Branch House Associates, LLC, purchased a registered national and state historic landmark to house The Branch Museum of Architecture and Design (the "Museum"). The amount capitalized includes the cost to acquire the Museum, as well as amounts expended in connection with the renovation of the property, including in-kind contributions of professional services.

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the respective assets on a straight-line basis. Depreciable lives are as follows: building and improvements - 39 years and furniture and equipment - 3 to 20 years. The costs of major improvements are capitalized, while the costs of maintenance and repairs that do not extend the original estimated economic life are charged to expense as incurred.

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**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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Notes to Consolidated Financial Statements
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Loan Costs: Loan costs incurred in connection with the acquisition and renovation of the property are amortized over the period the obligation is outstanding using the straight-line method.

Deferred Revenue: The Foundation requires facility usage fees to be partially paid in advance for special events held at the Museum. The portion of the facility usage fees paid in advance are recorded as deferred revenue when received and recognized as program revenue in the year that the special event occurs.

Income Taxes: The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. It is subject to income tax on any unrelated business income that it may generate.

Branch House, Inc. is subject to both federal and state income taxes and has over \$2,100,000 in net operating losses available to be carried forward to offset against future income. Branch House Associates, LLC is a single member LLC (Branch House, Inc.), and is therefore a disregarded entity for federal and state income tax purposes. Its activity is reported in total on the Branch House, Inc. federal and state income tax returns.

Income Tax Uncertainties: The Foundation follows the Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Foundation's tax position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Foundation's income tax returns for years since 2011 remain open for examination by tax authorities. The Foundation is not currently under audit by any tax jurisdiction.

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**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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Notes to Consolidated Financial Statements
December 31, 2014

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Net Assets: The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net asset classes are summarized as follows:

Unrestricted net assets include the Unrestricted and The Branch Museum of Architecture and Design (the "Museum") funds. The Unrestricted fund accounts for the revenue and expenses of the Foundation's daily and program operations and the Museum fund accounts for costs incurred in connection with the acquisition, restoration and operation of the Museum.

Temporarily restricted net assets include contributions restricted by donor designation and payments on contributions receivable expected in future years, as well as income earned on permanently restricted net assets. They are reported as increases in temporarily restricted net assets. When a restriction expires either by the passage of time or by actions of the Foundation, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include contributions subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The only permanently restricted net assets are held in the FitzGibbon Scholarship Fund.

Subsequent Events: Management has evaluated subsequent events through February 6, 2016, the date the consolidated financial statements were available to be issued, and has determined that no disclosures are necessary.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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Notes to Consolidated Financial Statements
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NOTE 2. INVESTMENTS:

At December 31, 2014, investments by major category consisted of:

	Cost	Market
Common stocks	\$ 82,908	\$ 121,002
Mutual funds	125,868	217,775
	\$ 208,776	\$ 338,777

Investments are recorded in the consolidated financial statements at fair market value, which is determined based on the investments' trading values at December 31, 2014.

NOTE 3. CONTRIBUTIONS RECEIVABLE:

Contributions receivable at December 31, 2014 are expected to be collected as follows:

Receivable in less than one year	\$ 30,725
Receivable in one to five years	1,250
	31,975
Less allowance for uncollectible receivables	3,159
Less discount	67
	\$ 28,749

NOTE 4. PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2014 consisted of the following:

Land	\$ 418,000
Buildings and improvements	4,382,313
Furniture and equipment	364,037
	5,164,350
Less accumulated depreciation	1,469,113
	\$ 3,695,237

Depreciation expense amounted to \$142,302 for 2014.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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Notes to Consolidated Financial Statements
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NOTE 5. LONG-TERM DEBT:

Branch House Associates, LLC has an outstanding note that was used to purchase the Museum. On May 15, 2013, the organization renegotiated the outstanding amounts and extended the note. Monthly payments of principal and interest were reduced to \$13,162 with a final payment of the remaining principal and interest due on May 8, 2018. The organization also negotiated a favorable fixed rate for the term of the note at 4.99%.

At December 31, 2014, the outstanding balance on the note was \$1,889,545.

The note is secured by a deed of trust on the property, as well as property, equipment, and investments, and an assignment of pledges and rents.

As of December 31, 2014, the aggregate maturities of the long-term debt for the next four years and in total are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 71,201
2016	68,775
2017	72,286
2018	<u>1,677,283</u>
	<u>\$ 1,889,545</u>

Total interest expense was \$99,036 for 2014.

NOTE 6. LINE OF CREDIT:

On July 16, 2013, Branch House Associates, LLC opened a \$50,000 line of credit with a financial institution. This line of credit bears interest at prime rate plus 1.125 percent. The interest rate as of December 31, 2014 was 4.5%. The balance on this line of credit as of December 31, 2014 was \$50,000.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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NOTE 7. FAIR VALUE MEASUREMENTS:

The Foundation has adopted FASB guidance related to financial assets and liabilities and any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements. The guidance provides a framework for measuring fair value under accounting principles generally accepted in the United States ("GAAP") and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 - Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 - Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

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

Level 3 - Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the closing price of the net asset value ("NAV") on the active market on which the individual funds are traded.

The valuation techniques used for both the common stocks and the mutual funds are considered to be Level 1 measurements.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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NOTE 8. TEMPORARILY RESTRICTED NET ASSETS:

At December 31, 2014, temporarily restricted net assets are available for the following:

<u>Purpose</u>	<u>Amount</u>
Scholarships	\$ 410,096
Programming	28,749
Restoration	58,684
Education	<u>3,585</u>
	<u>\$ 501,114</u>

During 2014, temporarily restricted net assets were released for the following:

<u>Purpose</u>	<u>Amount</u>
Scholarships	\$ 48,283
Programming	111,067
Restoration	8,269
Education	<u>1,930</u>
	<u>\$ 169,549</u>

NOTE 9. ENDOWMENT FUNDS:

There is one endowment fund at the Foundation whose purpose is to generate income for scholarships. As required by GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as permitting the preservation of the historical cost of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as permanently restricted net assets the original value of the gift donated. Investment income earned on the permanently restricted net assets is transferred to temporarily restricted net assets and considered to be appropriated for expenditure in accordance with the donor restrictions in a manner consistent with the standard of prudence prescribed by SPMIFA.

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**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
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Consolidated statement of Financial Position
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NOTE 9. ENDOWMENT FUNDS, continued:

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for its investments, which include endowment funds that attempt to provide a predictable stream of funding to programs supported by the endowment, while seeking to maintain the purchasing power of the endowment assets. The investment policy states that the investment objective for the Foundation investments is to achieve the dual objectives of growth of capital and growth of income, while producing a reasonable level of current income to support the missions of the Foundation. Under this policy, the endowment assets are invested in a balanced fashion which includes a mix of cash and cash equivalents, fixed income securities, and equity securities. Equity securities are expected to be invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation annually targets students majoring in architecture at colleges or universities in the Commonwealth of Virginia to receive scholarships. Students receiving scholarships are determined by the faculty of the college or university.

Endowment net asset composition by type of fund was as follows as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
FitzGibbon Scholarship Fund	\$ -	\$ -	\$ 94,805	\$ 94,805

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**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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Consolidated statement of Financial Position
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NOTE 9. ENDOWMENT FUNDS, continued:

Changes in endowment net assets were as follows for the year ended December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ -	\$ 30,283	\$ 94,805	\$ 125,088
Appropriation of endowment assets for expenditure	-	(30,283)	-	(30,283)
Net assets, end of year	\$ -	\$ -	\$ 94,805	\$ 94,805

NOTE 10. RENTAL ACTIVITIES:

The Foundation's subsidiary, Branch House Associates, LLC, leases facilities to an affiliated organization, the Virginia Society of American Institute of Architects (VSAIA). The current lease, covering the period from May 1, 2014 to April 30, 2019, calls for current monthly lease payments of \$6,877 by the VSAIA. The lease provides for future increases in rent. During 2014, Branch House Associates, LLC also leased facilities to multiple unaffiliated organizations, on a month-to-month basis. Branch House Associates, LLC, has recognized rental income of \$208,033 for the current year.

The following is a schedule by year of future minimum rental income to be received under an operating lease with the VSAIA that has initial or remaining noncancelable lease terms in excess of one year as of December 31, 2014:

Year	Amount
2015	\$ 82,529
2016	82,529
2017	83,630
2018	85,302
2019	28,621
	\$ 362,611

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INCORPORATED
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NOTE 11. RELATED PARTY TRANSACTION:

As described above, Branch House Associates, LLC leases facilities to the VSAIA, an affiliated organization. The Foundation also shares the facilities with the VSAIA and utilizes the VSAIA's staff.

In connection with the renovation of the property, the Foundation advanced amounts to Branch House Associates, LLC. Interest on these advances is calculated at the prime rate (3.50% at December 31, 2014) and principal and interest will be repaid as cash flow allows. The total amount of unpaid advances, including accrued interest, at December 31, 2014, was \$2,159,141. These amounts, along with the related interest, have been eliminated in consolidation.

At December 31, 2014, the Foundation and Branch House Associates, LLC owed \$46,429 to VSAIA for reimbursable program expenses.

NOTE 12. RETIREMENT PLAN:

The Foundation's retirement plan, effective April 1, 1987, is a voluntary plan for any employees who meet the eligibility requirements. The employer contribution was \$18,379 for 2014.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
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Consolidating Statement of Financial Position
December 31, 2013

	The Virginia Foundation for Architecture, Inc.	Branch House, Inc.	Total	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 31,365	\$ 7,247	\$ 38,612	\$ -	\$ 38,612
Accounts receivable	31	2,434,433	2,434,464	(2,433,133)	1,331
Contributions Receivable	27,566	-	27,566	-	27,566
Inventory	10,321	-	10,321	-	10,321
Prepaid expenses	8,064	410	8,474	-	8,474
Total current assets	77,347	2,442,090	2,519,437	(2,433,133)	86,304
Investments	338,777	-	338,777	-	338,777
Contributions receivable	1,183	-	1,183	-	1,183
Property and equipment, net	58,697	3,636,540	3,695,237	-	3,695,237
Total assets	476,004	6,078,630	6,554,634	(2,433,133)	4,121,501

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See report of independent auditor.

**THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
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Consolidating Statement of Financial Position
December 31, 2013

	The Virginia Foundation for Architecture, Inc.	Branch House, Inc.	Total	Eliminations	Consolidated
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of long-term debt	\$ -	\$ 71,201	\$ 71,201	\$ -	\$ 71,201
Line of credit	-	50,000	50,000	-	50,000
Accounts payable					
Trade	64,043	34,048	98,091	-	98,091
Related party	291,135	2,188,427	2,479,562	(2,433,133)	46,429
Accrued expenses	56,180	6,167	62,347	-	62,347
Deferred revenue	14,600	-	14,600	-	14,600
Total current liabilities	425,958	2,349,843	2,775,801	(2,433,133)	342,668
Other liabilities					
Long-term debt, net of current portion	-	1,818,344	1,818,344	-	1,818,344
Total liabilities	425,958	4,168,187	4,594,145	(2,433,133)	2,161,012
Net assets					
Unrestricted	1,815,680	(451,110)	1,364,570	-	1,364,570
Temporarily restricted	501,114	-	501,114	-	501,114
Permanently restricted	94,805	-	94,805	-	94,805
Total net assets	2,411,599	(451,110)	1,960,489	-	1,960,489
Total liabilities and net assets	\$ 2,837,557	\$ 3,717,077	\$ 6,554,634	\$ (2,433,133)	\$ 4,121,501

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THE VIRGINIA FOUNDATION FOR ARCHITECTURE, INC.
D/B/A THE VIRGINIA CENTER FOR ARCHITECTURE FOUNDATION
AND SUBSIDIARIES

Consolidating Statement of Activities
December 31, 2013

	The Virginia Foundation for Architecture, Inc.	Branch House, Inc.	Consolidated
Revenue			
Grants and contributions	\$ 177,980	\$ -	\$ 177,980
Program revenue	56,391	-	56,391
Retail income	5,442	-	5,442
Rental income	18,223	208,033	226,256
Investment income	22,768	-	22,768
Net realized gains on investments	35,072	-	35,072
Net unrealized loss on investments	(13,182)	-	(13,182)
Total revenue	<u>302,694</u>	<u>208,033</u>	<u>510,727</u>
Expenses			
Program services			
Preservation	-	328,157	328,157
Education	110,809	-	110,809
Management and general	417,128	1,825	418,953
Fund raising	30,671	-	30,671
Total expenses	<u>558,608</u>	<u>329,982</u>	<u>888,590</u>
Total changes in net assets	(255,914)	(121,949)	(377,863)
Net assets, beginning of year	<u>2,667,513</u>	<u>(329,161)</u>	<u>2,338,352</u>
Net assets (deficit), end of year	<u>\$ 2,411,599</u>	<u>\$ (451,110)</u>	<u>\$ 1,960,489</u>

See report of independent auditor.