

FREEDOMS FOUNDATION AT VALLEY FORGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**FREEDOMS FOUNDATION AT VALLEY FORGE
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YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Freedoms Foundation at Valley Forge
Valley Forge, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Freedoms Foundation at Valley Forge (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion


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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses included on page 15 is presented for additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Freedoms Foundation at Valley Forge as of June 30, 2017, and the related statements of activities and cash flows for the year then ended (not presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative 2016 totals included in the schedule of functional expenses on page 15 are presented for purposes of additional analysis. 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative 2016 totals included in the schedule of functional expenses are fairly stated in all material respects in relating to the financial statements from which it has been derived.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 4, 2017

FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash - Operations	\$ 246,680
Accounts Receivable, Net	118,664
Bequest Receivable, Net	20,077
Prepaid Expenses and Other Assets	82,978
Total Current Assets	<u>468,399</u>

INVESTMENTS

10,435,822

REAL ESTATE AND EQUIPMENT

2,624,594

BENEFICIAL INTEREST IN PERPETUAL TRUSTS

273,783

Total Assets

\$ 13,802,598

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Expenses	\$ 164,847
Deferred Revenue	46,788
Accounts Payable	166,005
Total Current Liabilities	<u>377,640</u>

LONG TERM LIABILITIES

Accrued Asbestos Removal Liability	<u>95,117</u>
Total Long-Term Liabilities	<u>95,117</u>

Total Liabilities

472,757

NET ASSETS

Unrestricted	9,051,146
Temporarily Restricted	629,901
Permanently Restricted	3,648,794
Total Net Assets	<u>13,329,841</u>

Total Liabilities and Net Assets

\$ 13,802,598

FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions and Bequests	\$ 602,567	\$ 611,710	\$ -	\$ 1,214,277
Investment Income	110,184	61,018	-	171,202
Net Unrealized and Realized Gain on Investments	568,522	-	-	568,522
Increase in Value of Beneficial Interest in Perpetual Trusts	-	-	10,293	10,293
Educational, Youth and Special Programs	747,076	-	-	747,076
Facilities Rental	47,400	-	-	47,400
Patriot Shop	6,280	-	-	6,280
Loss on Disposal of Equipment	(397)	-	-	(397)
Sale of Conservation Easement	2,206,122	-	-	2,206,122
Other	86,239	-	-	86,239
Subtotal	<u>4,373,993</u>	<u>672,728</u>	<u>10,293</u>	<u>5,057,014</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	848,840	(848,840)	-	-
Satisfaction of Facility/Maintenance Restrictions	21,601	(21,601)	-	-
Total Net Assets Released from Restrictions	<u>870,441</u>	<u>(870,441)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	5,244,434	(197,713)	10,293	5,057,014
EXPENSES				
Functional Expenses:				
Program Services:				
Educational, Youth and Special Programs	1,889,045	-	-	1,889,045
Awards Programs	214,814	-	-	214,814
Total Program Services	<u>2,103,859</u>	<u>-</u>	<u>-</u>	<u>2,103,859</u>
Supporting Services:				
Administration	252,736	-	-	252,736
Fund Development	219,991	-	-	219,991
Total Supporting Services	<u>472,727</u>	<u>-</u>	<u>-</u>	<u>472,727</u>
Total Functional Expenses	<u>2,576,586</u>	<u>-</u>	<u>-</u>	<u>2,576,586</u>
CHANGE IN NET ASSETS	2,667,848	(197,713)	10,293	2,480,428
Net Assets - Beginning of Year	<u>6,383,298</u>	<u>827,614</u>	<u>3,638,501</u>	<u>10,849,413</u>
NET ASSETS - END OF YEAR	<u>\$ 9,051,146</u>	<u>\$ 629,901</u>	<u>\$ 3,648,794</u>	<u>\$ 13,329,841</u>

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,480,428
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	134,844
Amortization	99
Loss on Disposal of Equipment	397
Net Unrealized Gain on Investments	(348,610)
Increase in Value of Beneficial Interest in Perpetual Trusts	(10,293)
Net Realized Gain on Sale of Investments	(219,912)
(Increase) Decrease in:	
Accounts Receivable	(56,158)
Bequest Receivable	(73)
Prepaid Expenses and Other Assets	(34,612)
Increase (Decrease) in:	
Accounts Payable	11,580
Accrued Expenses	113,458
Deferred Revenue	(31,207)
Net Cash Provided by Operating Activities	<u>2,039,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment	(274,879)
Investment Purchases	(6,133,180)
Proceeds from the Sale of Investments	4,354,443
Net Cash Used by Investing Activities	<u>(2,053,616)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of Capital Lease Obligation	<u>(9,290)</u>
Net Cash Used by Financing Activities	<u>(9,290)</u>
NET DECREASE IN CASH	(22,965)
Cash - Beginning of Year	<u>269,645</u>
CASH - END OF YEAR	<u><u>\$ 246,680</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest Paid	<u><u>\$ 290</u></u>

See accompanying Notes to Financial Statements.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Freedoms Foundation at Valley Forge (the Foundation) was founded in 1949 as a nonprofit, nonpolitical, nonsectarian organization to carry out programs aimed at stimulating a better national understanding and appreciation of our American heritage of personal freedoms and responsibilities.

Toward this end, the Foundation conducts a multifaceted operation which includes: conferences structured to teach principles of leadership to youth; college credit seminars and workshops on freedoms as they relate to a variety of subjects for teachers and other interested individuals; cash awards presented to high school and college level instructors for presentations independently judged for excellence in private enterprise and education; and annual awards presented to individuals, organizations, schools and armed forces personnel for contributions in the development of responsible citizenship. In addition, the Foundation conducts programs and provides materials on responsible citizenship; and maintains 52 acres, dedicated by the state or territory, honoring recipients of the Medal of Honor.

The Foundation receives funding from private contributions, educational institutions, as well as government grants.

Programs are conducted from Valley Forge, Pennsylvania and assistance is provided by approximately 1,482 volunteers who are members of 23 chapters located in 14 states.

Condensed Chapter Financial Information

The accompanying financial statements include the assets, liabilities, net assets and activities of the Foundation only and do not include those of its chapters.

The chapters operate independently under charters granted by the Foundation. The charters provide that upon dissolution, all chapter assets (and liabilities, if any) revert to the Foundation. In this context, generally accepted accounting principles permit, but do not require, the Foundation to consolidate its chapters. Management of the Foundation is responsible for the balances of and changes in Foundation net assets and therefore presents its financial statements on a stand-alone basis, without consolidating the chapters.

Summarized unaudited information regarding the chapters as of and for the year ended June 30, 2017 is as follows:

Total Assets	\$1,601,316
Total Net Assets	\$1,601,316
Total Revenues	\$ 572,676
Total Expenses	\$ 525,375

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The activities of the Foundation are included in three separate categories of net assets. Permanently restricted net assets include amounts restricted in perpetuity by the donor in accordance with the original or amended gift documents. Temporarily restricted net assets include monies donated and specifically restricted by the donor for certain purposes. When such restrictions are satisfied, net assets are then released as unrestricted. All other activities of the Foundation are considered unrestricted.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes amounts in checking accounts and money market funds.

Accounts Receivable

The Foundation provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due 90 days are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2017, an allowance of \$1,000 was warranted.

Investments

Investments are stated at fair value, as described below. Investments in money market funds are valued at cost which approximates fair value, and mutual funds are valued at their net asset value at year-end.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Real Estate and Equipment and Depreciation

Land and land improvements are stated at appraised value determined by management on February 13, 1959, plus subsequent additions at cost. Buildings are stated at cost. Furniture, fixtures and equipment are stated at appraised values determined by management on July 1, 1973, plus subsequent additions at cost. Assets with a cost of \$1,000 or greater and an estimated useful life of greater than one year are capitalized. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of deposits received (net of expenses) for educational programs and seminars for the following fiscal year.

Donated Assets

Donated assets are recorded at the fair market or appraisal value at the date the gift is received. If values are not reasonably determinable, the donations are not recorded.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, (i.e. the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) temporarily restricted net assets are reported as net assets released from restrictions.

Permanently restricted net assets are restricted by the donor in perpetuity. However, there are certain instances (see Note 11) in which the principal may be released from restriction and utilized by the Foundation. All principal released from restriction by the donor is reported in the statement of activities as net assets released from restrictions.

Functional Expenses

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

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal or state income taxes. The Foundation follows the income tax standard for uncertain tax positions. The application of this standard has no impact on the Foundation's financial statements. The Foundation's informational tax returns are subject to review and examination by federal, state, and local authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status.

Fair Value Measurements

The Foundation has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or nonactive market.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table presents the Foundation's fair value for those assets measured at fair value on a recurring basis as of June 30, 2017.

	Level 1	Level 2	Level 3	Total
Equities	\$ 5,355,092	\$ -	\$ -	\$ 5,355,092
Fixed Income	1,003,226	-	-	1,003,226
Mutual Funds	2,617,925	-	-	2,617,925
Beneficial Interest in Perpetual Trusts	-	-	273,783	273,783
Total	<u>\$ 8,976,243</u>	<u>\$ -</u>	<u>\$ 273,783</u>	<u>\$ 9,250,026</u>

The following table provides a summary of changes in the fair value of the Foundation's Level 3 financial assets for the year ended June 30, 2017:

Balances as of July 1, 2016	\$ 263,490
Change in Value of Beneficial Interest in Perpetual Trusts	10,293
Balances as of June 30, 2017	<u>\$ 273,783</u>

There have been no changes in the valuation methodologies used at June 30, 2017.

The Foundation has recorded \$1,459,579 of money market accounts at cost, which management believes approximates fair value.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 4, 2017, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments, by type, at June 30, 2017 consist of:

	Cost	Fair Value
Money Markets	\$ 1,459,579	\$ 1,459,579
Fixed Income	1,001,992	1,003,226
Equities	4,683,151	5,355,092
Mutual Funds	2,585,203	2,617,925
Total	<u>\$ 9,729,925</u>	<u>\$ 10,435,822</u>

A summary of the endowment activity by net asset class for the year ended June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, Beginning of Year	\$ 4,547,386	\$ 166,166	\$ 3,375,011	\$ 8,088,563
Contributions	2,215,005	-	-	2,215,005
Investment Return:				
Investment Income	110,184	61,018	-	171,202
Realized Gain	219,912	-	-	219,912
Unrealized Gain	348,610	-	-	348,610
Total Investment Return	<u>678,706</u>	<u>61,018</u>	<u>-</u>	<u>739,724</u>
Release of Donor Restrictions	227,184	(227,184)	-	-
Distributions of Endowment Income	(607,470)	-	-	(607,470)
Endowment Assets, End of Year	<u>\$ 7,060,811</u>	<u>\$ -</u>	<u>\$ 3,375,011</u>	<u>\$ 10,435,822</u>

The above endowment activity does not include \$273,783 of beneficial interest in perpetual trust shown on the Statement of Financial Position and included in permanently restricted net assets.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 REAL ESTATE AND EQUIPMENT AND DEPRECIATION

Real estate and equipment at June 30, 2017 consist of the following:

Land and Land Improvements	\$ 203,493	\$ 186,220
Buildings and Improvements	3,872,089	3,696,586
Equipment, Furniture and Fixtures	1,613,556	1,583,008
Medal of Honor Grove and Monuments	784,843	762,231
Total	<u>6,473,981</u>	<u>6,228,045</u>
Less: Accumulated Depreciation	<u>(3,849,387)</u>	<u>(3,743,086)</u>
Total Real Estate and Equipment	<u>\$ 2,624,594</u>	<u>\$ 2,484,959</u>

Depreciation expense for the year June 30, 2017 was \$134,844.

NOTE 4 LINE OF CREDIT

On July 1, 2016, the Foundation entered into a new \$1,000,000 line of credit secured by all of the Foundation's assets. Borrowings under the line of credit, which are payable on demand, bear interest at the Wall Street Journal prime rate (4.25% at June 30, 2017). The line of credit expires July 1, 2019. The loan agreement requires the Foundation to maintain certain financial ratios. There were no borrowings outstanding under the line of credit at June 30, 2017.

NOTE 5 CAPITAL LEASE OBLIGATION

The Organization entered into a long-term lease for an office copier in 2012. At June 30, 2017, the cost of equipment and accumulated depreciation related to the capital lease obligation was \$42,677 and \$42,677, respectively.

The lease became month-to-month starting in July 2017.

NOTE 6 SALE OF CONSERVATION EASEMENT

In March, 2017, the Foundation recognized revenue totaling \$2,206,122 in connection with the sale of a conservation easement on approximately 41.5 undeveloped acres of its Valley Forge property, including the Medal of Honor Grove.

NOTE 7 INTEREST EXPENSE

The Foundation recognized interest expense of \$4,906 for the year ended June 30, 2017.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 RETIREMENT PLAN

The Foundation has a voluntary contribution annuity pension plan covering all eligible employees. The Foundation's contribution varies according to length of employee service. Pension expense under the plan was \$50,943 for the year ended June 30, 2017.

NOTE 9 LEASE COMMITMENTS

The Foundation leases a postage meter which is considered an operating lease. This lease term expires in 2019. Total rent expense under this agreement amounted to \$1,898 for the year ended June 30, 2017.

Minimum lease commitments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,898
2019	1,423
Total	<u>\$ 3,321</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

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

Programs	\$ 483,316
Building and Campus Renovations and Maintenance	146,585
Total	<u>\$ 629,901</u>

NOTE 11 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2017 consist of the following:

Leavey Operating	\$ 1,000,000
Leavey Awards	2,000,000
Beneficial Interest in Perpetual Trusts	273,783
Other Endowment Funds	375,011
Total	<u>\$ 3,648,794</u>

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

In January 1986, the Foundation received a \$1,000,000 operating endowment matching grant from the Thomas and Dorothy Leavey Foundation. Under the terms of the grant, the Foundation was required to raise an additional \$1,000,000 in cash and pledges. The matching pledges and income earned from this grant are unrestricted as to use.

In April 1982, the Foundation received a \$2,000,000 award grant from the Thomas and Dorothy Leavey Foundation. The Thomas and Dorothy Leavey Foundation permanently restricted these assets. The Foundation may at times use amounts of principal, with prior approval of the Thomas and Dorothy Leavey Foundation Trustees. The interest, dividends, realized gains and unrealized gains are available for the Foundation to distribute awards to high school teachers and faculty who excel in teaching the private enterprise system, and to defray expenses of administering the program. Amounts earned in excess of the expenses permitted are available for the future awards to be distributed within a five-year period or returned to the grantor.

The Thomas and Dorothy Leavey Foundation requires the Foundation to provide an annual accounting of the Leavey Awards investment account. That accounting, along with an annual planning document and budget prepared by the Foundation, is discussed with the Trustees of the Thomas and Dorothy Leavey Foundation, and each year's expenditure of funds in support of the award program is determined with their prior approval.

The Leavey Operating and Awards investments are managed by a reputable investment advisory firm. Fluctuations in market value of related investments in excess of permanently restricted amounts (\$1,000,000 and \$2,000,000, respectively) are reflected through unrestricted and temporarily restricted net assets since the documents governing the permanently restricted assets discussed above do not contain any obligation on the part of the Foundation to restore losses resulting from declines in market value in permanently restricted investments.

NOTE 12 CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash accounts at a Pennsylvania commercial bank. At times during the year, the amount on deposit with that bank may have exceeded the \$250,000 federally insured limit.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation has been named as the beneficiary in two trust agreements. The investment principal remains part of the trusts and is not the property of the Foundation. Therefore, the Foundation has no right to the investment principal.

Because the Foundation will receive a perpetual stream of income from the trusts, the projected contributions are classified as part of permanently restricted net assets at June 30, 2017. Given the nature of the promises as well as the inability to compute the present value of the income stream, the beneficial interests have been recorded on the statement of financial position at the fair value of the Foundation's proportionate share of the trusts as of the statement of financial position date.

The Foundation's share of the appropriate fair value of \$3,396,623 in these trusts amounted to \$273,783 at June 30, 2017. The fluctuation in the fair value of the trusts from year to year is included as permanently restricted support and revenue in the statement of activities.

FREEDOMS FOUNDATION AT VALLEY FORGE
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)
(See Independent Auditors' Report)

	Program Services			Supporting Services			2017 Total	2016 Total
	Educational Program	Awards Programs	Total Program Services	Administration	Fund Development	Total Supporting Services		
Awards	\$ -	\$ 131,407	\$ 131,407	\$ -	\$ -	\$ -	\$ 131,407	\$ 147,039
Event Expenses	-	-	-	-	36,368	36,368	36,368	36,196
Instructors' Fees and Travel	142,384	-	142,384	-	-	-	142,384	133,223
Insurance	65,323	337	65,660	1,347	337	1,684	67,344	58,411
Interest	-	-	-	4,906	-	4,906	4,906	11,585
Office Expense and Supplies	45,837	1,253	47,090	3,722	3,738	7,460	54,550	55,506
Other Fees	83,418	-	83,418	-	-	-	83,418	53,661
Other	45,237	7,055	52,292	22,567	46,872	69,439	121,731	40,266
Plant Repairs and Maintenance	95,531	492	96,023	1,970	492	2,462	98,485	58,220
Postage and Freight	8,040	419	8,459	1,244	3,781	5,025	13,484	11,461
Printing and Publications	35,359	658	36,017	3,725	10,031	13,756	49,773	33,313
Professional Services	44,214	5,005	49,219	25,900	4,984	30,884	80,103	55,292
Rental and Maintenance Contracts	61,584	317	61,901	1,270	317	1,587	63,488	57,942
Salaries, Taxes and Benefits	572,006	64,448	636,454	172,718	105,875	278,593	915,047	788,296
Special Programs	17,200	-	17,200	-	-	-	17,200	26,288
Student Meals	188,858	-	188,858	-	-	-	188,858	179,544
Telephone	19,693	1,025	20,718	3,047	1,501	4,548	25,266	16,102
Travel	261,107	1,351	262,458	6,129	4,647	10,776	273,234	211,111
Utilities	72,359	373	72,732	1,492	373	1,865	74,597	44,297
Subtotal	1,758,150	214,140	1,972,290	250,037	219,316	469,353	2,441,643	2,017,753
Depreciation	130,799	674	131,473	2,697	674	3,371	134,844	118,202
Amortization	96	-	96	2	1	3	99	7,603
Total	\$ 1,889,045	\$ 214,814	\$ 2,103,859	\$ 252,736	\$ 219,991	\$ 472,727	\$ 2,576,586	\$ 2,143,558



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.