

FREEDOMS FOUNDATION AT VALLEY FORGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**FREEDOMS FOUNDATION AT VALLEY FORGE
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YEAR ENDED JUNE 30, 2018**

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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, 2018, 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, 2018, 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 have also 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, 2018, 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 2017 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 2017 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 2017 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 22, 2018

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

CURRENT ASSETS

Cash - Operations	\$ 525,854
Accounts Receivable, Net	88,840
Bequest Receivable, Net	13,222
Prepaid Expenses and Other Assets	124,733
Total Current Assets	752,649

INVESTMENTS

9,794,455

REAL ESTATE AND EQUIPMENT

2,895,618

BENEFICIAL INTEREST IN PERPETUAL TRUSTS

279,557

Total Assets

\$ 13,722,279

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Capital Lease, Current Portion	\$ 3,673
Accrued Expenses	121,210
Deferred Revenue	92,225
Accounts Payable	163,383
Total Current Liabilities	380,491

LONG-TERM LIABILITIES

Capital Lease, Net of Current Portion	15,229
Accrued Asbestos Removal Liability	64,952
Total Long-Term Liabilities	80,181

Total Liabilities

460,672

NET ASSETS

Unrestricted	9,062,083
Temporarily Restricted	504,956
Permanently Restricted	3,694,568
Total Net Assets	13,261,607

Total Liabilities and Net Assets

\$ 13,722,279

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions and Bequests	\$ 968,817	\$ 655,049	\$ -	\$ 1,623,866
Investment Income	146,705	105,008	-	251,713
Net Unrealized and Realized Gain on Investments	104,793	-	-	104,793
Increase in Value of Beneficial Interest in Perpetual Trusts	-	-	5,774	5,774
Educational, Youth, and Special Programs	752,849	-	-	752,849
Facilities Rental	73,069	-	-	73,069
Patriot Shop	8,459	-	-	8,459
Loss on Disposal of Equipment	(3,509)	-	-	(3,509)
Other	18,430	-	-	18,430
Subtotal	<u>2,069,613</u>	<u>760,057</u>	<u>5,774</u>	<u>2,835,444</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	808,440	(808,440)	-	-
Satisfaction of Facility/Maintenance Restrictions	36,562	(36,562)	-	-
Reclassification	-	(40,000)	40,000	-
Total Net Assets Released from Restrictions	<u>845,002</u>	<u>(885,002)</u>	<u>40,000</u>	<u>-</u>
 Total Support and Revenue	 2,914,615	 (124,945)	 45,774	 2,835,444
EXPENSES				
Functional Expenses				
Program Services:				
Educational, Youth, and Special Programs	2,222,355	-	-	2,222,355
Awards Programs	187,841	-	-	187,841
Total Program Services	<u>2,410,196</u>	<u>-</u>	<u>-</u>	<u>2,410,196</u>
Supporting Services:				
Administration	275,680	-	-	275,680
Fund Development	217,802	-	-	217,802
Total Supporting Services	<u>493,482</u>	<u>-</u>	<u>-</u>	<u>493,482</u>
 Total Functional Expenses	 <u>2,903,678</u>	 <u>-</u>	 <u>-</u>	 <u>2,903,678</u>
 CHANGE IN NET ASSETS	 10,937	 (124,945)	 45,774	 (68,234)
Net Assets - Beginning of Year	<u>9,051,146</u>	<u>629,901</u>	<u>3,648,794</u>	<u>13,329,841</u>
 NET ASSETS - END OF YEAR	 <u>\$ 9,062,083</u>	 <u>\$ 504,956</u>	 <u>\$ 3,694,568</u>	 <u>\$ 13,261,607</u>

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (68,234)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	145,420
Amortization	99
Loss on Disposal of Equipment	3,509
Net Unrealized Loss on Investments	652,909
Increase in Value of Beneficial Interest in Perpetual Trusts	(5,774)
Net Realized Gain on Sale of Investments	(757,702)
(Increase) Decrease in:	
Accounts Receivable	29,824
Bequest Receivable	6,855
Prepaid Expenses and Other Assets	(41,854)
Increase (Decrease) in:	
Accounts Payable	(2,622)
Accrued Expenses	(73,802)
Deferred Revenue	45,437
Net Cash Used by Operating Activities	<u>(65,935)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(398,327)
Investment Purchases	(6,945,838)
Proceeds from the Sale of Investments	7,691,998
Net Cash Provided by Investing Activities	<u>347,833</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of Capital Lease Obligation	<u>(2,724)</u>
Net Cash Used by Financing Activities	<u>(2,724)</u>

NET INCREASE IN CASH

279,174

Cash - Beginning of Year

246,680

CASH - END OF YEAR

\$ 525,854

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid	<u><u>\$ 2,166</u></u>
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See accompanying Notes to Financial Statements.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 1,300 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, 2018 is as follows:

Total Assets	\$	1,715,750
Total Net Assets		1,715,750
Total Revenues		689,531
Total Expenses		575,097

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 collectibility. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2018, an allowance of \$4,500 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, 2018

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 10) 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, 2018

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, 2018.

	Level 1	Level 2	Level 3	Total
Equities	\$ 2,162,669	\$ -	\$ -	\$ 2,162,669
Fixed Income	1,354,966	-	-	1,354,966
Mutual Funds	5,678,250	-	-	5,678,250
Beneficial Interest in Perpetual Trusts	-	-	279,557	279,557
Total	<u>\$ 9,195,885</u>	<u>\$ -</u>	<u>\$ 279,557</u>	<u>\$ 9,475,442</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, 2018:

Balances as of July 1, 2017	\$ 273,783
Change in Value of Beneficial Interest in Perpetual Trusts	<u>5,774</u>
Balances as of June 30, 2018	<u>\$ 279,557</u>

There have been no changes in the valuation methodologies used at June 30, 2018.

The Foundation has recorded \$598,570 of money market accounts at cost, which management believes approximates fair value.

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 22, 2018, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments, by type, at June 30, 2018 consist of:

	<u>Cost</u>	<u>Fair Value</u>
Money Markets	\$ 598,570	\$ 598,570
Fixed Income	1,378,350	1,354,966
Equities	2,008,942	2,162,669
Mutual Funds	5,755,605	5,678,250
Total	<u>\$ 9,741,467</u>	<u>\$ 9,794,455</u>

A summary of the endowment activity by net asset class for the year ended June 30, 2018 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Assets, Beginning of Year	\$ 7,060,811	\$ -	\$ 3,375,011	\$ 10,435,822
Contributions	-	-	40,000	40,000
Investment Return:				
Investment Income	146,705	105,008	-	251,713
Realized Gain	757,702	-	-	757,702
Unrealized Loss	(652,909)	-	-	(652,909)
Total Investment Return	<u>251,498</u>	<u>105,008</u>	<u>-</u>	<u>356,506</u>
Release of Donor Restrictions	105,008	(105,008)	-	-
Distributions of Endowment Income	(1,037,873)	-	-	(1,037,873)
Endowment Assets, End of Year	<u>\$ 6,379,444</u>	<u>\$ -</u>	<u>\$ 3,415,011</u>	<u>\$ 9,794,455</u>

The above endowment activity does not include \$279,557 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, 2018**

NOTE 3 REAL ESTATE AND EQUIPMENT AND DEPRECIATION

Real estate and equipment at June 30, 2018 consist of the following:

Land and Land Improvements	\$ 243,392
Buildings and Improvements	4,002,390
Equipment, Furniture and Fixtures	1,349,976
Medal of Honor Grove and Monuments	784,843
Total	6,380,601
Less: Accumulated Depreciation	(3,484,983)
Total Real Estate and Equipment	\$ 2,895,618

Depreciation expense for the year June 30, 2018 was \$145,420.

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 (5.0% at June 30, 2018). 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, 2018.

NOTE 5 CAPITAL LEASE OBLIGATION

The Organization entered into a long-term lease for an office copier in 2017. At June 30, 2018, the cost of equipment and accumulated depreciation related to the capital lease obligation was \$21,626 and \$2,163, respectively.

At June 30, 2018, future minimum rental payments required under the capital lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 5,868
2020	5,868
2021	5,868
2022	5,868
2023	978
Total Minimum Lease Payments	24,450
Less: Amount Representing Interest	5,548
Present Value of Minimum Lease Payments	18,902
Less: Current Portion	3,673
Total	\$ 15,229

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 INTEREST EXPENSE

The Foundation recognized interest expense of \$3,701 for the year ended June 30, 2018.

NOTE 7 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 \$59,625 for the year ended June 30, 2018.

NOTE 8 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, 2018.

Minimum lease commitments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,423

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 are restricted as to purpose and are available for the following purposes:

Programs	\$ 372,374
Building and Campus Renovations and Maintenance	132,582
Total	\$ 504,956

NOTE 10 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2018 consist of the following:

Leavey Operating	\$ 1,000,000
Leavey Awards	2,000,000
Beneficial Interest in Perpetual Trusts	279,557
Other Endowment Funds	415,011
Total	\$ 3,694,568

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 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.

From time to time, the fair value of assets associated with individual donor-restricted endowments funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. A deficiency of this nature in the amount of \$22,627 exists as of June 30, 2018 in the Leavey Awards Fund as a result of market value fluctuations.

NOTE 11 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, 2018

NOTE 12 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, 2018. 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 \$3,453,083 in these trusts amounted to \$279,557 at June 30, 2018. 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, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Supporting Services			2018 Total	2017 Total
	Educational Program	Awards Programs	Total Program Services	Administration	Fund Development	Total Supporting Services		
Awards	\$ -	\$ 102,977	\$ 102,977	\$ -	\$ -	\$ -	\$ 102,977	\$ 131,407
Bad Debt Expense	-	-	-	3,500	-	3,500	3,500	-
Contributions	19,197	-	19,197	-	-	-	19,197	-
Event Expenses	-	-	-	-	38,737	38,737	38,737	36,368
Instructors' Fees and Travel	131,904	-	131,904	-	-	-	131,904	142,384
Insurance	71,245	367	71,612	1,836	-	1,836	73,448	67,344
Interest	-	-	-	3,701	-	3,701	3,701	4,906
Office Expense and Supplies	51,534	1,220	52,754	4,236	3,300	7,536	60,290	54,550
Other Fees	126,818	-	126,818	-	-	-	126,818	83,418
Other	24,680	4,028	28,708	18,190	16,130	34,320	63,028	121,731
Plant Repairs and Maintenance	127,530	657	128,187	3,287	-	3,287	131,474	98,485
Postage and Freight	9,810	591	10,401	890	1,135	2,025	12,426	13,484
Printing and Publications	29,504	950	30,454	4,206	8,158	12,364	42,818	49,773
Professional Services	32,126	4,598	36,724	31,138	13,609	44,747	81,471	80,103
Rental and Maintenance Contracts	68,152	351	68,503	1,756	-	1,756	70,259	63,488
Salaries, Taxes, and Benefits	765,074	67,909	832,983	189,442	130,381	319,823	1,152,806	915,047
Special Programs	28,517	-	28,517	-	-	-	28,517	17,200
Student Meals	199,572	-	199,572	-	-	-	199,572	188,858
Telephone	21,481	1,293	22,774	1,949	1,893	3,842	26,616	25,266
Travel	309,434	1,839	311,273	6,146	4,459	10,605	321,878	273,234
Utilities	64,720	334	65,054	1,668	-	1,668	66,722	74,597
Subtotal	2,081,298	187,114	2,268,412	271,945	217,802	489,747	2,758,159	2,441,643
Depreciation	141,057	727	141,784	3,636	-	3,636	145,420	134,844
Amortization	-	-	-	99	-	99	99	99
Total	\$ 2,222,355	\$ 187,841	\$ 2,410,196	\$ 275,680	\$ 217,802	\$ 493,482	\$ 2,903,678	\$ 2,576,586



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