

**USS Yorktown Foundation
Compiled Financial Statements
June 30, 2024**

USS Yorktown Foundation Table of Contents

Independent Accountant's Compilation Report	1
Financial Statements	
Statement of Financial Position - Modified cash basis	2
Statement of Activities - Modified cash basis	3
Statement of Functional Expenses - Modified cash basis	4
Statement of Cashflows - Modified cash basis	5
Notes to Financial Statements	6 – 10



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Members of the Governing Board
USS Yorktown Foundation

Management is responsible for the accompanying financial statements of USS Yorktown Foundation, which comprises the statement of financial position - modified cash basis as of June 30, 2024, and the statement of activities - modified cash basis, statement of functional expenses - modified cash basis, statement of cash flows - modified cash basis, and notes to the financial statements for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

D&C CPAs, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
October 8, 2024

USS Yorktown Foundation
Statement of Financial Position - Modified cash basis
June 30, 2024

Assets

Cash and cash equivalents	\$ 181,990
Investments	991,566
Prepaid expenses	<u>22,100</u>
Total Assets	\$ <u>1,195,656</u>

Net Assets

Without donor restrictions	
Board designated	200,000
Undesignated	503,354
With donor restrictions	<u>492,302</u>
Total Net Assets	\$ <u>1,195,656</u>

See accompanying notes.

USS Yorktown Foundation
Statement of Activities - Modified cash basis
For the Fiscal Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Business contribution	\$ 3,646	\$ 6,000	\$ 9,646
Grants/foundations	16,750	179,740	196,490
Individual contributions	42,454	46,005	88,459
Patriots point tours	3,737	67,581	71,318
Bulldog tours income	70,750	-	70,750
Picture money	142,360	-	142,360
Investment income, net of fees \$281	60,263	-	60,263
Event income, net	24,165	-	24,165
Cash box	15,277	-	15,277
Vendor fee income	1,043	-	1,043
Ghost tours income	2,636	-	2,636
Net assets released from restrictions	174,623	(174,623)	-
Total Support and Revenue	<u>557,704</u>	<u>124,703</u>	<u>682,407</u>
Expenses			
Program services	316,770	-	316,770
Management and general	31,707	-	31,707
Fundraising	31,707	-	31,707
Total Expenses	<u>380,184</u>	<u>-</u>	<u>380,184</u>
Change in Net Assets	177,520	124,703	302,223
Net Assets - Beginning of Year	<u>525,834</u>	<u>367,599</u>	<u>893,433</u>
Net Assets - End of Year	\$ <u>703,354</u>	<u>492,302</u>	\$ <u>1,195,656</u>

See accompanying notes.

USS Yorktown Foundation
Statement of Functional Expenses - Modified cash basis
For the Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 74,061	\$ 24,687	\$ 24,687	\$ 123,435
Total personnel expenses	<u>74,061</u>	<u>24,687</u>	<u>24,687</u>	<u>123,435</u>
Other functional expenses				
Exhibits/museum experience	134,335	-	-	134,335
Other expenses	44,181	367	367	44,915
Employee fund	14,754	-	-	14,754
Education & scholarship	14,110	-	-	14,110
Accounting	7,283	2,428	2,428	12,139
Acquisition/curation	11,150	-	-	11,150
Office expenses	4,338	1,446	1,446	7,230
Information technology	4,182	1,394	1,394	6,970
Volunteer program	4,163	-	-	4,163
Outside contract services	1,102	366	366	1,834
Travel	976	325	325	1,626
Insurance	905	302	302	1,509
Conferences, conventions and meetings	678	226	226	1,130
Cultivation expenses	502	166	166	834
Donor cultivation	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total other functional expenses	<u>242,709</u>	<u>7,020</u>	<u>7,020</u>	<u>256,749</u>
Total Functional Expenses	\$ <u>316,770</u>	\$ <u>31,707</u>	\$ <u>31,707</u>	\$ <u>380,184</u>

See accompanying notes.

USS Yorktown Foundation
Statement of Cashflows - Modified cash basis
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 302,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Dividend/interest income	(36,323)
Unrealized gain	(23,936)
Increase in current assets:	
Prepaid expenses	(50)
Net cash provided by operating activities	<u>241,914</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	<u>(150,000)</u>
Net cash used in investing activities	<u>(150,000)</u>

Net increase in cash	91,914
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Cash as of beginning of year	<u>90,076</u>
Cash as of end of year	<u><u>\$ 181,990</u></u>

See accompanying notes.

USS Yorktown Foundation
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The USS Yorktown Foundation is dedicated to raising funds that enhance the educational programs and museum plan of Patriots Point Naval & Maritime Museum. Our mission is to inspire our children, visitors, community, and the world by promoting America's proud long-standing traditions of service, leadership, duty, and sacrifice through education, exhibits, programming, and community outreach. Provides scholarships for underserved students to participate in educational programs onboard the USS Yorktown, funding for enhancing and creating new exhibits, and support for educational programs and projects.

Basis of Accounting

The financial statements of the USS Yorktown Foundation have been prepared on the modified cash basis of accounting whereby revenue and support are recognized as received and expenses are recorded as paid.

Basis of Presentation

The USS Yorktown Foundation applies the financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not for Profit Organizations*. Under ASC Topic 958 – 205, *Not-for-Profit Entities – Presentation of Financial Statements*, the USS Yorktown Foundation is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, net assets of the USS Yorktown Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the board limits resulting from the nature of the organizations, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of activities- Modified cash basis as net assets released from restrictions.

Board designated Net assets - The board has designated \$200,000 in net assets to safeguard against potential operational disruptions, such as those caused by pandemics, ensuring the continuity of operations during unforeseen challenges.

Functional Allocation of Expense

The USS Yorktown Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to the appropriate expenditure classification. Other expenses that are common to several functions are allocated by various statistical basis as determined by management.

USS Yorktown Foundation
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the financial statements, the USS Yorktown Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Prepaid expenses

Prepaid expenses are deposits made by the Foundation for upcoming events planned for the next year.

Investments

The USS Yorktown Foundation investments consist primarily of assets invested in mutual funds, fixed income securities, and money market funds. The Foundation accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position- Modified cash basis.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Income Taxes

The USS Yorktown Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and not required to file an annual return. The FASB provides guidance on the USS Yorktown Foundation's evaluation of accounting for uncertainty in income taxes. Management evaluated the USS Yorktown Foundation's tax position and concluded that the USS Yorktown Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Support and Revenue

The USS Yorktown Foundation's support and revenue come from private contributions, including individual donations, corporate sponsorships, and foundation grants, as well as a percentage of souvenir photo and tour income. Visitors to Patriots Point can enjoy guided tours and purchase photo keepsakes, with a portion of the proceeds directly benefiting the Foundation.

Accounting for Event income

For certain USS Yorktown Foundation events with ticket sales, revenue is recognized on a cash basis, recorded as income when payments are received.

USS Yorktown Foundation
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Tours income

The USS Yorktown Foundation receives monthly tour income from the Patriots Point operator in arrears, and this revenue is recorded on a cash basis as payments are received.

Accounting for Contributions

Contributions, including contributions receivable, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Contributions receivable with payments due in the future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contributions is clearly intended to support activities in the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until conditions on which they depend are substantially met.

Recent Accounting Pronouncements

Effective January 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to certain financial assets. The Organization adopted ASC 326 using the modified retrospective method. Financial assets held by the Organization that are subject to ASU 2016-13 include contributions receivables. The adoption of this ASU did not have any impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The USS Yorktown Foundation's working capital and cash flows have variations throughout the year attributable to the timing of support and contributions. To manage liquidity, the USS Yorktown Foundation evaluates cash on a regular basis as part of the monthly review of the internal financial statements and estimates cash needs based on budgeted and current expenses.

The following reflects the USS Yorktown Foundation's financial assets as of June 30, 2024, reduced by amounts available for general use within one year of June 30, 2024, because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 181,990
Investments	<u>991,566</u>
Total Financial Assets	<u>1,173,556</u>
Contractual or donor-imposed restrictions:	
Financial assets restricted by donor and others to specific uses	<u>(492,302)</u>
Total Financial Assets Available to meet cash needs for expenditures within one year	\$ <u><u>681,254</u></u>

USS Yorktown Foundation
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 3 – CONCENTRATION OF CREDIT RISK

The USS Yorktown Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts held by banking institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank and any amounts above the FDIC limit is considered uninsured. At June 30, 2024, the USS Yorktown Foundation had uninsured cash balances of \$0

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

The USS Yorktown Foundation maintains restrictions on net assets for fiscal year June 30, 2024 for the purpose of educational programs, museum maintenance, and repairs in the amount of \$492,302.

NOTE 5 – INVESTMENTS

Investments held by the USS Yorktown Foundation are money market funds, mutual funds and fixed income securities. Investments at June 30, 2024 consist of the following:

	Cost	Market Value
Cash/money market	\$ 809,975	\$ 809,975
Mutual funds	97,773	143,434
Fixed income securities	43,751	38,157
Total trading securities	\$ <u>951,499</u>	\$ <u>991,566</u>

Investment income for the fiscal year ended June 30, 2024.

Dividend/interest	\$ 36,323
Unrealized gain	<u>23,936</u>
Net investment income	\$ <u>60,259</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
- Level 3: Significant unobservable inputs (including the Shelter's own assumptions in determining the fair value of investments)

USS Yorktown Foundation
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE – CONTINUED

For the year ended June 30, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- *Money market:* The fair value of investments money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs- market approach).
- *Mutual funds:* The equity securities are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets. (Level 1 inputs- market approach).
- *Fixed income securities:* Fair values of U.S. Government and corporate securities reflect closing prices reported in the active markets in which the securities are traded. (Level 1 inputs -market approach).

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of:

	Level 1	Level 2	Level 3	Total
Cash/money market	\$ 809,975	\$ -	\$ -	\$ 809,975
Mutual funds	143,434	-	-	143,434
Fixed income securities	38,157	-	-	38,157
	<u>\$ 991,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,566</u>

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date which the financial statements were available to be issued.