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# **The Howard & Georgeanna Jones Foundation for Reproductive Medicine**

## **Independent Auditor's Report and Financial Statements**

June 30, 2023 with Comparative Totals for 2022

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## Independent Auditor's Report

Board of Directors  
The Howard & Georgeanna Jones Foundation  
for Reproductive Medicine  
Virginia Beach, VA

### **Qualified Opinion**

We have audited the financial statements of The Howard & Georgeanna Jones Foundation for Reproductive Medicine ("Foundation"), which comprise the financial position as of June 30, 2023, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of The Howard & Georgeanna Jones Foundation for Reproductive Medicine as of June 30, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

We were unable to obtain audited financial statements supporting the Foundation's investment in HPM Display Partners, LLC stated at \$379,796 at June 30, 2023 on the statement of financial position, and more fully described in Note 5 to the financial statements; nor were we able to obtain sufficient appropriate audit evidence about the carrying value of the investment by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of The Howard & Georgeanna Jones Foundation for Reproductive Medicine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2023 financial statements.

### **Responsibilities of Management for the Financial Statements**

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Howard & Georgeanna Jones Foundation for Reproductive Medicine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Howard & Georgeanna Jones Foundation for Reproductive Medicine's ability to continue as a going concern for a reasonable period of time.

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

## ***Report on Summarized Comparative Information***

We have previously audited The Howard & Georgeanna Jones Foundation for Reproductive Medicine's 2022 financial statements, and we expressed an qualified audit opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**FORVIS, LLP**

**Norfolk, VA  
August 21, 2023**

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Statement of Financial Position**  
**June 30, 2023 with Comparative Totals for 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,711	\$ 42,084
Investments	1,677,498	1,653,515
Prepaid expenses	5,046	-
Property and equipment, net	195	572
	<u>\$ 1,699,450</u>	<u>\$ 1,696,171</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,250	\$ 7,889
Net assets:		
Net assets without donor restrictions	658,771	580,270
Net assets with donor restrictions	1,037,429	1,108,012
	<u>1,696,200</u>	<u>1,688,282</u>
Total net assets	<u>\$ 1,699,450</u>	<u>\$ 1,696,171</u>

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Statement of Activities**  
**Year Ended June 30, 2023 with Comparative Totals for 2022**

	<b>2023</b>			<b>Summarized 2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
Support, revenue and other changes:				
Contributions	\$ 239,103	\$ 25,216	\$ 264,319	\$ 194,326
Interest and dividend income	43,939	4,539	48,478	35,330
Realized and unrealized investment gains (losses), net	(1,634)	(43,699)	(45,333)	(26,152)
Net assets released from restrictions	56,639	(56,639)	-	-
Total support and revenue	<u>338,047</u>	<u>(70,583)</u>	<u>267,464</u>	<u>203,504</u>
Expenses:				
Program services	180,415	-	180,415	153,438
Fundraising	20,077	-	20,077	20,061
Administrative expenses	59,054	-	59,054	83,899
Total expenses	<u>259,546</u>	<u>-</u>	<u>259,546</u>	<u>257,398</u>
Change in net assets	78,501	(70,583)	7,918	(53,894)
Net assets, beginning of year	<u>580,270</u>	<u>1,108,012</u>	<u>1,688,282</u>	<u>1,742,176</u>
Net assets, end of year	<u>\$ 658,771</u>	<u>\$ 1,037,429</u>	<u>\$ 1,696,200</u>	<u>\$ 1,688,282</u>

See accompanying notes.

The Howard & Georgeanna Jones Foundation for Reproductive Medicine  
Statement of Functional Expenses  
Year Ended June 30, 2023 with Comparative Totals for 2022

	<u>Program Services</u>	<u>Fundraising</u>	<u>Administrative Expenses</u>	<u>Total 2023</u>	<u>Summarized Total 2022</u>
Research funding	\$ 95,600	\$ -	\$ -	\$ 95,600	\$ -
Staff salaries and benefits	62,085	14,327	19,103	95,515	106,144
General expenses	12,703	4,374	14,458	31,535	29,128
Professional fees	-	-	20,308	20,308	32,413
Supplies	3,897	213	3,046	7,156	16,837
Insurance	3,275	504	1,260	5,039	5,070
Contractual services	2,855	659	879	4,393	67,806
Total expenses	<u>\$ 180,415</u>	<u>\$ 20,077</u>	<u>\$ 59,054</u>	<u>\$ 259,546</u>	<u>\$ 257,398</u>

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Contributions received	\$ 163,396	\$ 194,326
Payments for program services	(185,054)	(148,680)
Payments for supporting services	(83,800)	(99,951)
Net cash used by operating activities	<u>(105,458)</u>	<u>(54,305)</u>
Cash flows from investing activities:		
Purchase of investments	(49,999)	(80,336)
Sales and maturities of investments	130,084	145,992
Net cash provided (used) by investing activities	<u>80,085</u>	<u>65,656</u>
Net change in cash and cash equivalents	(25,373)	11,351
Cash and cash equivalents, beginning of year	<u>42,084</u>	<u>30,733</u>
Cash and cash equivalents, end of year	<u>\$ 16,711</u>	<u>\$ 42,084</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ 7,918	\$ (53,894)
Adjustments to reconcile to net cash used by operating activities:		
Realized and unrealized (gains) losses	45,333	26,152
Depreciation	377	377
Noncash contributions received	(100,923)	-
Interest and dividend income reinvested	(48,478)	(35,330)
Changes in:		
Prepaid expenses	(5,046)	3,632
Accounts payable and accrued expenses	(4,639)	4,758
Net cash used by operating activities	<u>\$ (105,458)</u>	<u>\$ (54,305)</u>
Supplemental disclosure of noncash investing activity:		
Donated securities - noncash contributions received	<u>\$ 100,923</u>	<u>\$ -</u>



## Notes to Financial Statements

### 1. Organization and Nature of Activities

The Howard & Georgeanna Jones Foundation for Reproductive Medicine (“Foundation”) was founded in 1985. The Foundation is a not-for-profit organization that solicits funds from the general public to support scientific and medical research in the field of reproductive medicine. In addition to providing research grants to deserving scientific investigators, the Foundation Board of Directors is prepared to serve in an advisory capacity to the agencies it supports. The Foundation may also sponsor seminars which would be designed to evaluate public policy issues related to reproductive medicine in order to educate the general public and attempt to improve the human condition.

### 2. Summary of Significant Accounting Policies

#### *Comparative information*

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for 2022, from which the summarized information was derived.

#### *Basis of accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred.

#### *Basis of presentation*

The Foundation reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions** represent unrestricted revenue and expenses and contributions received without donor-imposed restrictions. These funds are available for the overall operations of the Foundation and can be designated by the Board of Directors to fund certain projects or programs.

**Net assets with donor restrictions** represent all contributions or promises to give which are restricted by the donor as to purpose or are inherently time restricted (i.e. noncurrent unrestricted promises to give). Perpetually restricted net assets represent revenue and contributions received where the corpus cannot be spent. Interest, dividends, realized and unrealized gains and losses earned on the principal are recognized as purpose restricted and used to fund the donor designated programs, except for the 5% earnings added to corpus of the two perpetually restricted funds.

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

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***Cash and cash equivalents***

Cash and cash equivalents consist primarily of temporary investments in government securities, money market accounts, and cash reserve funds. The Foundation considers all highly liquid investments with maturities of six months or less to be cash equivalents. Cash items held by investment managers are considered to be investments.

***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. The Foundation carries a private equity investment, without a readable determinable fair value, at cost less taxable losses. Because of the inherent uncertainty in the use of this valuation, values that are based on cost may differ from the values that would have been used had a ready market for the investment been available and the differences may be material in the near term. Investment gains and losses are recognized as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulations.

The Foundation's investments are managed by external investment managers in compliance with investment guidelines established by the Board of Directors, except for donated stocks, which are maintained temporarily at the Foundation.

Donated investments are recorded at estimated fair market value on the date of donation, which is then treated as cost.

***Property and equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on a useful life of five years for equipment. The Foundation's policy is to capitalize property and equipment purchased with a cost greater than \$500. Cost of equipment was \$6,711 at June 30, 2023 and 2022, and accumulated depreciation was \$6,516 and \$6,139 at June 30, 2023 and 2022, respectively.

***Grants Payable***

Grants authorized but unpaid at year-end are reported as liabilities. All grants authorized were paid during the years ended June 30, 2023 and 2022.

***Revenue recognition***

Contributions and promises to give

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Promises to give consist of unconditional promises to give that are expected to be collected in future years and are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions and promises to give revenue. Management reviews promises to give yearly to determine the need for any allowance. Once management determines that a promise to give is unlikely to be collected, an allowance is provided. After all attempts to collect a promise to give have failed, the promise to give is written off against the allowance. Conditional promises to give are not included as support until the conditions are substantially met. There were no promises to give at June 30, 2023 and 2022.

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

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***Functional allocation of expenses***

The Foundation's cost of providing support for the various programs and other activities of the Foundation has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services. The Foundation's financial statements report certain categories of expenses that are attributable to administrative supporting functions and program expenses, or those expenses required to fund, maintain and legally support scientific investigative, ethical and medical lectureship projects. Those expenses include depreciation and amortization, as well as expenses attributed to the President's annual official administrative, board management and fundraising requirements. These allocations are based on estimates of time and effort attributed to each function, as well as supporting time and effort attributed to management of restricted funds.

***Concentrations and credit risk***

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash and investments. The Foundation places unrestricted cash and temporary overnight investments with a high credit quality financial institution. At June 30, 2023 and 2022, the Foundation had no cash deposits in excess of the FDIC limit.

Foundation endowment assets are held by a reputable asset management firm, and according to their investment policy, are invested in investment grade instruments. The asset management firm is independent of the funds' trustees who review their performance on a periodic basis. At June 30, 2023 and 2022, 49% and 60%, respectively, of the total investment portfolio was not insured by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). However, the asset management firm carries separate insurance for all accounts to protect them in the event of a company failure. Approximately \$990,000 and \$1,260,000 was invested in two mutual funds at June 30, 2023 and 2022, respectively.

Contributions for 2023 and 2022 included contributions from four donors of \$200,923 and four donors of \$139,476, representing 76% and 72% of total contributions, respectively.

***Income taxes***

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. Should the Foundation become a private foundation, income taxes would be accrued at that time.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

**3. Liquidity and Availability of Financial Assets**

As part of the Foundation's liquidity management, the Investment Committee frequently reviews the financial assets of the Foundation, its investment policy, daily requirements and necessary reserve for upcoming projects. Operational funds are reviewed monthly and maintained through board and public contributions. The Foundation spends from its unrestricted account for general expenses, with the ability to draw from a board designated endowment. The Foundation operates on a cash-based budget. Short-term needs are primarily for salaries, grants, fundraising, professional fees and general office expenses. Expenses due in the coming year are covered by funds raised by grants from other 501(c)(3) organizations and foundations, and contributions received throughout the year.

The following represents the Foundation's financial assets available to meet general expenditures over the next twelve months at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 16,711	\$ 42,084
Investments	<u>1,677,498</u>	<u>1,653,515</u>
Total financial assets	<u>1,694,209</u>	<u>1,695,599</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,037,429	1,108,012
Board designated net assets	<u>429,067</u>	<u>431,089</u>
Total unavailable assets	<u>1,466,496</u>	<u>1,539,101</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 227,713</u>	<u>\$ 156,498</u>

**4. Investments**

Investments at fair market value at June 30, 2023 were as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and certificates of deposits	\$ 308,017	\$ 308,017	\$ -
Private equity investment (Note 5)	400,000	379,796	(20,204)
Mutual fund, fixed income	<u>999,543</u>	<u>989,685</u>	<u>(9,858)</u>
	<u>\$ 1,707,560</u>	<u>\$ 1,677,498</u>	<u>\$ (30,062)</u>

Investments at fair market value at June 30, 2022 were as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and certificates of deposits	\$ 11,888	\$ 11,888	\$ -
Private equity investment (Note 5)	400,000	381,430	(18,570)
Mutual fund, fixed income	<u>1,230,569</u>	<u>1,260,197</u>	<u>29,628</u>
	<u>\$ 1,642,457</u>	<u>\$ 1,653,515</u>	<u>\$ 11,058</u>

## **5. Private Equity Investment**

In June 2014, the Foundation entered into a subscription agreement for a membership interest in HPM Display Partners, LLC (Partnership) in the amount of \$400,000. The Chairman of the Board of the Foundation paid the subscription commitment in the form of a charitable contribution to the Foundation. In addition, the former Chairman of the Board is the manager of the Partnership. The Foundation's ownership interest in the Partnership as of June 30, 2023 and 2022 was 2.5%. The Foundation has adjusted the investment balance based on gains or losses reported to them on Federal K-1's. This method of valuation is considered to be a departure from Generally Accepted Accounting Principles. The investment balance is \$379,796 and \$381,430 at June 30, 2023 and 2022, respectively, which represents 58% of the Foundations unrestricted net assets and 22% of the Foundation's total net assets. The Foundation incurred losses of \$1,634 and \$1,691 on this investment in 2023 and 2022, respectively.

Redemptions are not permitted during the life of the private equity investment. The private equity investment life is 10 years with an option to extend an additional 2 years. When assets are sold, the proceeds will be distributed to the investors.

As the Partnership is regularly engaged in a trade or business that is unrelated to the Foundation's mission, future earnings of this investment may be subject to unrelated business income tax.

## **6. Fair Value Measurements**

The Foundation defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Accounting standards establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Current accounting standards expand disclosures about instruments measured at fair value and applies the other accounting pronouncements that require or permit fair value measurements.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1:** Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and identical or similar assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of the Foundation's investments have been adjusted to their fair value except where fair value is not readily determinable in which case historical cost (book value) is utilized.

**The Howard & Georgenna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

The following table presents the financial instruments carried at fair value as of June 30, 2023, by caption on the statements of financial position by the valuation hierarchy defined previously:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual fund, fixed income	\$ 989,685	\$ -	\$ -	\$ 989,685
Private equity investment	<u>-</u>	<u>-</u>	<u>379,796</u>	<u>379,796</u>
	<u>\$ 989,685</u>	<u>\$ -</u>	<u>\$ 379,796</u>	<u>\$ 1,369,481</u>

The following table presents the financial instruments carried at fair value as of June 30, 2022, by caption on the statements of financial position by the valuation hierarchy defined previously:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual fund, fixed income	\$ 1,260,197	\$ -	\$ -	\$ 1,260,197
Private equity investment	<u>-</u>	<u>-</u>	<u>381,430</u>	<u>381,430</u>
	<u>\$ 1,260,197</u>	<u>\$ -</u>	<u>\$ 381,430</u>	<u>\$ 1,641,627</u>

Fair value for Level 3 primarily consists of a private equity investment detailed in Note 5. The Foundation's President and the Board, with the help of a third-party investment advisory firm, determine fair value measurement valuation policies and procedures. The fund does not have a readily determinable fair value and is carried at cost less tax losses. Because of the inherent uncertainty of valuations of Level 3 investments, their estimated values may differ significantly from the values that would have been used had a ready market for the Level 3 investments existed, and the difference could be material. At least annually, the Foundation's President and Chairman of the Board determine if the current valuation techniques used in the fair value measurements are still appropriate based on current market conditions and third-party information. There were no changes in the valuation techniques during the current year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**The Howard & Georganna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

**7. Net Assets**

At June 30, 2023 and 2022, the Foundation's net assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Operating	\$ 229,704	\$ 149,181
Quasi endowment, board designated	<u>429,067</u>	<u>431,089</u>
Total net assets without donor restrictions	<u>\$ 658,771</u>	<u>\$ 580,270</u>
Net assets with donor restrictions:		
Purpose restricted		
Mason C. and Sabine G. Andrews Fund	\$ 381,491	\$ 383,289
Research Fund	273,399	299,779
Jones Rounds	80,899	147,002
Jones-Andrews Scholarship Fund	127,680	128,282
Shirley Kheel Memorial Fund	<u>38,984</u>	<u>39,854</u>
Purpose restricted, total	<u>902,453</u>	<u>998,206</u>
Perpetually restricted:		
Shirley Kheel Memorial Fund	<u>134,976</u>	<u>109,806</u>
Total perpetually restricted	<u>134,976</u>	<u>109,806</u>
Total net assets with donor restrictions	<u>\$ 1,037,429</u>	<u>\$ 1,108,012</u>

**8. Endowment Funds**

The Foundation's endowment consists of various funds which are included in investments. These funds are donor-restricted and board designated endowment funds and were established for a variety of purposes. As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation have interpreted the Virginia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

A summary of the activity in the endowment fund for the year ended June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 431,089	\$ 149,660	\$ 580,749
Contributions	-	25,216	25,216
Investment return:			
Investment income	12,035	4,539	16,574
Net appreciation (realized and unrealized gain)	(11,474)	(4,481)	(15,955)
Appropriation of expenditure	<u>(2,583)</u>	<u>(974)</u>	<u>(3,557)</u>
Endowment net assets, end of year	<u>\$ 429,067</u>	<u>\$ 173,960</u>	<u>\$ 603,027</u>

A summary of the activity in the endowment fund for the year ended June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 430,218	\$ 137,307	\$ 567,525
Contributions	-	12,500	12,500
Investment return:			
Investment income	9,480	3,160	12,640
Net depreciation (realized and unrealized loss)	(6,012)	(2,148)	(8,160)
Appropriation of expenditure	<u>(2,597)</u>	<u>(1,159)</u>	<u>(3,756)</u>
Endowment net assets, end of year	<u>\$ 431,089</u>	<u>\$ 149,660</u>	<u>\$ 580,749</u>

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity and board designated endowed funds.

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 board approves the next year's authorized spending from the endowment with the budget approval process.



**The Howard & Georgeanna Jones Foundation for Reproductive Medicine**  
**Notes to Financial Statements**

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The endowment net assets at June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Shirley Kheel Memorial Fund	\$ -	\$ 173,960	\$ 173,960
Quasi endowment, board designated	<u>429,067</u>	<u>-</u>	<u>429,067</u>
	<u>\$ 429,067</u>	<u>\$ 173,960</u>	<u>\$ 603,027</u>

The endowment net assets at June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Shirley Kheel Memorial Fund	\$ -	\$ 149,660	\$ 149,660
Quasi endowment, board designated	<u>431,089</u>	<u>-</u>	<u>431,089</u>
	<u>\$ 431,089</u>	<u>\$ 149,660</u>	<u>\$ 580,749</u>

## 9. Related Party Transactions

The Foundation maintains restricted net assets to be spent on funding the development of the Jones Rounds educational program to address complex issues at the intersection of reproductive medicine, law and ethics at the Georgetown Law Center's O'Neill Institute for National & Global Health Law. The senior scholar developing the Jones Rounds educational program is a member of the Foundation's Board of Directors. Total expenses for the Jones Round education program were \$70,600 and \$63,001 during 2023 and 2022, respectively.

In 2023 and 2022, the Foundation received contributions from the Foundation's board of directors of \$216,228 and \$139,336, or 82% and 72% and of total contributions, respectively.

## 10. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 21, 2023, the date the financial statements were available to be issued.