



# National Trust for Historic Preservation and its Subsidiaries and Affiliates

Consolidated Financial Statements,  
Supplemental Schedules and  
Independent Auditor's Report  
Years Ended June 30, 2019 and 2018

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

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Consolidated Financial Statements,  
Supplemental Schedules and  
Independent Auditor's Report  
Years Ended June 30, 2019 and 2018

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Contents

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<b>Independent Auditor's Report</b>	2-4
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6-7
Consolidated Statements of Functional Expenses	8-9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11-45
<b>Supplemental Schedules</b>	
Consolidating Statement of Financial Position	46
Consolidating Statement of Activities	47



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## Independent Auditor's Report

Board of Trustees  
**National Trust for Historic Preservation**  
and its Subsidiaries and Affiliates  
Washington, D.C.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the **National Trust for Historic Preservation and its Subsidiaries and Affiliates** (the Trust), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the National Trust Community Investment Corporation (NTCIC), a wholly-owned subsidiary which constitutes \$19,890,183 and \$15,933,985 of total consolidated assets as of June 30, 2019 and 2018, respectively and \$14,902,305 and \$11,831,719 of total consolidated operating revenues for the years ended June 30, 2019 and 2018, respectively. Those statements were audited in accordance with accounting principles generally accepted in the United States of America, and were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included NTCIC, is based solely on the report of the other auditors. We conducted our audits accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

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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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the **National Trust for Historic Preservation and its Subsidiaries and Affiliates** as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years 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 consolidated financial statements as a whole. The consolidating statement of financial position and consolidated statement of activities as of and for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019 on our consideration of the **National Trust for Historic Preservation and its Subsidiaries and Affiliates'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **National Trust for Historic Preservation and its Subsidiaries and Affiliates'** internal control over financial reporting or on compliance. That report is an



integral part of an audit performed in accordance with *Government Auditing Standards* in considering **National Trust for Historic Preservation and its Subsidiaries and Affiliates'** internal control over financial reporting and compliance.

*BDO USA, LLP*

McLean, Virginia  
December 24, 2019

## Consolidated Financial Statements

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**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Consolidated Statements of Financial Position**

<i>June 30,</i>	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 25,737,540	\$ 7,767,892
Short-term investments (Notes 9 and 10)	4,441,830	4,246,036
Accounts receivable	4,151,710	4,844,047
Contributions receivable, current (Note 5)	8,687,483	8,327,128
Merchandise inventory	461,012	443,944
Prepaid expenses and other assets	1,133,132	1,243,306
Donated properties for resale	378,716	-
<b>Total current assets</b>	<b>44,991,423</b>	<b>26,872,353</b>
Noncurrent investments: (Notes 9, 10, and 11)		
Revolving loan funds	24,581	32,182
Endowments and similar funds	229,177,038	251,544,497
Amounts held for others (Note 9)	14,700,592	16,370,641
Other investments (Notes 7 and 9)	20,656,193	18,440,505
<b>Total noncurrent investments</b>	<b>264,558,404</b>	<b>286,387,825</b>
Contributions receivable, net of current (Note 5)	36,439,416	33,961,184
Deferred income taxes (Note 1(q))	-	356,033
Property and equipment, net (Note 4)	18,753,601	17,405,501
Other long-term assets	614,143	784,529
<b>Total noncurrent assets</b>	<b>320,365,564</b>	<b>338,895,072</b>
<b>Total assets</b>	<b>\$ 365,356,987</b>	<b>\$ 365,767,425</b>
<b>Liabilities and net assets</b>		
Liabilities		
Current liabilities:		
Accounts payable	\$ 8,513,097	\$ 9,526,799
Accrued expenses	2,358,330	1,997,353
Deferred revenue, current	4,750,110	5,294,273
Notes payable, current (Note 13)	6,024,187	8,528,758
<b>Total current liabilities</b>	<b>21,645,724</b>	<b>25,347,183</b>
Notes payable, net of current (Note 13)	5,037,349	4,299,361
Deferred revenue, net of current	4,538,789	5,996,337
Amounts held for others (Note 6)	14,700,592	16,370,641
Deferred rent	5,168,595	5,401,692
Deferred income taxes (Note 1(q))	428,328	-
Other liabilities	2,291,472	2,400,609
<b>Total liabilities</b>	<b>53,810,849</b>	<b>59,815,823</b>
Net assets (Note 14)		
Without donor restrictions	104,727,116	103,096,828
With donor restrictions	206,819,022	202,854,774
<b>Total net assets</b>	<b>311,546,138</b>	<b>305,951,602</b>
<b>Total liabilities and net assets</b>	<b>\$ 365,356,987</b>	<b>\$ 365,767,425</b>

*See accompanying notes to consolidated financial statements.*

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Consolidated Statements of Activities**

<i>Year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenues, gains, and other support</b>			
Grant income	\$ 3,388,140	\$ -	\$ 3,388,140
Contributions	21,324,043	18,415,030	39,739,073
Membership dues	1,804,365	-	1,804,365
Admissions and special events	4,077,989	-	4,077,989
Investment return (Note 9)	13,594,639	2,818,788	16,413,427
Contract services	17,649,549	-	17,649,549
Sales of articles	1,000,045	-	1,000,045
Advertising	522,042	-	522,042
Rental income	798,433	-	798,433
Public service announcements	278,882	-	278,882
Royalty income	380,560	-	380,560
Miscellaneous	2,947,268	-	2,947,268
Net assets released from restrictions	14,640,424	(14,640,424)	-
<b>Total operating revenues, gains, and other support</b>	<b>82,406,379</b>	<b>6,593,394</b>	<b>88,999,773</b>
<b>Operating expenses</b>			
Program services			
Historic sites	23,656,397	-	23,656,397
Preservation services	24,810,891	-	24,810,891
Education, publications and membership	14,162,226	-	14,162,226
<b>Total program services</b>	<b>62,629,514</b>	<b>-</b>	<b>62,629,514</b>
Support services			
General and administrative	12,157,462	-	12,157,462
Fundraising	5,305,851	-	5,305,851
<b>Total support services</b>	<b>17,463,313</b>	<b>-</b>	<b>17,463,313</b>
<b>Total operating expenses</b>	<b>80,092,827</b>	<b>-</b>	<b>80,092,827</b>
Excess of operating revenues, gains, and other support over operating expenses	2,313,552	6,593,394	8,906,946
<b>Nonoperating support</b>			
Investment losses in excess of amounts designated for operations (Note 9)	(683,266)	(2,629,146)	(3,312,412)
<b>Change in net assets</b>	<b>1,630,286</b>	<b>3,964,248</b>	<b>5,594,534</b>
<b>Net assets, beginning of year</b>	<b>103,096,828</b>	<b>202,854,774</b>	<b>305,951,602</b>
<b>Net assets, end of year</b>	<b>\$ 104,727,114</b>	<b>\$ 206,819,022</b>	<b>\$ 311,546,136</b>

*See accompanying notes to consolidated financial statements.*

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Consolidated Statements of Activities**

<i>Year ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenues, gains, and other support</b>			
Grant income	\$ 2,571,691	\$ -	\$ 2,571,691
Contributions	24,008,452	43,471,548	67,480,000
Membership dues	1,899,666	-	1,899,666
Admissions and special events	3,287,274	-	3,287,274
Investment return (Note 9)	10,804,301	2,710,719	13,515,020
Contract services	11,219,102	-	11,219,102
Sales of articles	869,928	-	869,928
Advertising	674,298	-	674,298
Rental income	620,403	-	620,403
Public service announcements	359,072	-	359,072
Royalty income	454,601	-	454,601
Miscellaneous	2,345,327	35,000	2,380,327
Net assets released from restrictions	14,433,774	(14,433,774)	-
<b>Total operating revenues, gains, and other support</b>	<b>73,547,889</b>	<b>31,783,493</b>	<b>105,331,382</b>
<b>Operating expenses</b>			
Program services			
Historic sites	17,965,237	-	17,965,237
Preservation services	21,433,019	-	21,433,019
Education, publications and membership	14,459,599	-	14,459,599
<b>Total program services</b>	<b>53,857,855</b>	<b>-</b>	<b>53,857,855</b>
Support services			
General and administrative	10,479,881	-	10,479,881
Fundraising	7,730,735	-	7,730,735
<b>Total support services</b>	<b>18,210,616</b>	<b>-</b>	<b>18,210,616</b>
<b>Total operating expenses</b>	<b>72,068,471</b>	<b>-</b>	<b>72,068,471</b>
Excess of operating revenues, gains, and other support over operating expenses	1,479,418	31,783,493	33,262,911
<b>Nonoperating support</b>			
Investment gains in excess of amounts designated for operations (Note 9)	2,182,804	3,194,599	5,377,403
Transfer of other net asset classes to net assets with donor restrictions (Note 1(c))	(43,569)	43,569	-
<b>Change in net assets</b>	<b>3,618,653</b>	<b>35,021,661</b>	<b>38,640,314</b>
<b>Net assets, beginning of year</b>	<b>99,478,175</b>	<b>167,833,113</b>	<b>267,311,288</b>
<b>Net assets, end of year</b>	<b>\$ 103,096,828</b>	<b>\$ 202,854,774</b>	<b>\$ 305,951,602</b>

*See accompanying notes to consolidated financial statements.*

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Consolidated Statements of Functional Expenses

<i>Year ended June 30, 2019</i>	Historic sites	Preservation services	Education, publications and membership	Total Program services	General and administrative	Fundraising	Total support services	Total
Employee costs:								
Salaries	\$ 6,237,718	\$ 10,456,272	\$ 3,937,767	\$ 20,631,757	\$ 4,001,103	\$ 2,790,204	\$ 6,791,307	\$ 27,423,064
Payroll taxes and benefits	1,286,684	1,980,970	787,409	4,055,063	703,390	519,904	1,223,294	5,278,357
	<b>7,524,402</b>	<b>12,437,242</b>	<b>4,725,176</b>	<b>24,686,820</b>	<b>4,704,493</b>	<b>3,310,108</b>	<b>8,014,601</b>	<b>32,701,421</b>
Grants	1,308,503	5,101,435	2,018,467	8,428,405	14,296	-	14,296	8,442,701
Professional services	704,142	1,807,418	1,934,598	4,446,158	3,252,853	352,305	3,605,158	8,051,316
Real estate	6,035,787	-	-	6,035,787	-	-	-	6,035,787
Occupancy	890,752	1,079,077	497,250	2,467,079	569,616	377,689	947,305	3,414,384
Printing & media	224,874	346,163	2,026,285	2,597,322	70,929	349,920	420,849	3,018,171
Miscellaneous	434,195	1,612,636	128,687	2,175,518	539,883	15,463	555,346	2,730,864
Computer & telecommunications	388,044	837,394	438,687	1,664,125	554,025	242,647	796,672	2,460,797
Property development	2,168,710	-	-	2,168,710	340	3,000	3,340	2,172,050
Depreciation and amortization	215,267	244,128	-	459,395	1,661,576	-	1,661,576	2,120,971
Maintenance	1,971,323	81,019	1,863	2,054,205	62,464	1,498	63,962	2,118,167
Travel	211,174	1,015,670	285,828	1,512,672	264,418	155,494	419,912	1,932,584
Special events	401,821	90,733	699,994	1,192,548	136,610	293,796	430,406	1,622,954
Postage & delivery	19,487	26,663	1,052,272	1,098,422	37,648	192,709	230,357	1,328,779
Insurance	708,888	76,056	-	784,944	210,449	(2,382)	208,067	993,011
Cost of goods sold	333,587	559	30,860	365,006	133	333	466	365,472
Public service announcements	-	-	278,882	278,882	-	-	-	278,882
Reference materials	53,972	28,160	35,817	117,949	36,935	7,499	44,434	162,383
Office supplies	61,469	26,538	7,560	95,567	40,794	5,772	46,566	142,133
	<b>16,131,995</b>	<b>12,373,649</b>	<b>9,437,050</b>	<b>37,942,694</b>	<b>7,452,969</b>	<b>1,995,743</b>	<b>9,448,712</b>	<b>47,391,406</b>
	<b>\$ 23,656,397</b>	<b>\$ 24,810,891</b>	<b>\$ 14,162,226</b>	<b>\$ 62,629,514</b>	<b>\$ 12,157,462</b>	<b>\$ 5,305,851</b>	<b>\$ 17,463,313</b>	<b>\$ 80,092,827</b>

*See accompanying notes to consolidated financial statements.*

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Consolidated Statements of Functional Expenses

<i>Year ended June 30, 2018</i>	Historic sites	Preservation services	Education, publications and membership	Total Program services	General and administrative	Fundraising	Total support services	Total expenses
Employee costs:								
Salaries	\$ 4,444,564	\$ 10,138,604	\$ 4,239,949	\$ 18,823,117	\$ 3,778,807	\$ 3,491,679	\$ 7,270,486	\$ 26,093,603
Payroll taxes and benefits	796,703	1,900,588	827,150	3,524,441	830,860	666,465	1,497,325	5,021,766
	5,241,267	12,039,192	5,067,099	22,347,558	4,609,667	4,158,144	8,767,811	31,115,369
Professional services	915,244	2,340,992	3,168,447	6,424,683	3,953,584	737,284	4,690,868	11,115,551
Grants	2,554,382	2,637,503	2,063,367	7,255,252	11,847	173,082	184,929	7,440,181
Real estate	4,241,411	-	-	4,241,411	-	495	495	4,241,906
Occupancy	875,371	1,113,043	869,114	2,857,528	651,223	535,120	1,186,343	4,043,871
Printing	239,407	212,663	1,340,860	1,792,930	58,235	748,915	807,150	2,600,080
Travel	238,444	1,035,604	288,094	1,562,142	208,812	270,787	479,599	2,041,741
Miscellaneous	73,953	1,003,299	24,206	1,101,458	460,126	20,032	480,158	1,581,616
Maintenance	1,195,860	42,645	6,975	1,245,480	5,573	23,224	28,797	1,274,277
Postage	39,235	22,347	475,610	537,192	18,200	696,766	714,966	1,252,158
Property development	1,083,164	-	-	1,083,164	-	84	84	1,083,248
Depreciation and amortization	121,209	281,005	308,483	710,697	161,285	195,519	356,804	1,067,501
Computer	109,999	294,575	336,606	741,180	171,323	69,976	241,299	982,479
Insurance	558,544	104,825	49,232	712,601	73,190	33,515	106,705	819,306
Public service announcements	-	-	359,072	359,072	-	-	-	359,072
Reference materials	55,617	165,583	49,583	270,783	47,200	31,919	79,119	349,902
Cost of goods sold	288,531	2,148	14,627	305,306	-	1,508	1,508	306,814
Office supplies	65,654	52,572	28,509	146,735	22,954	27,096	50,050	196,785
Telecommunications	67,945	85,023	9,715	162,683	26,662	7,269	33,931	196,614
	12,723,970	9,393,827	9,392,500	31,510,297	5,870,214	3,572,591	9,442,805	40,953,102
	\$ 17,965,237	\$ 21,433,019	\$ 14,459,599	\$ 53,857,855	\$ 10,479,881	\$ 7,730,735	\$ 18,210,616	\$ 72,068,471

*See accompanying notes to consolidated financial statements.*

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Consolidated Statements of Cash Flows

<i>Year ended June 30,</i>	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,594,536	\$ 38,640,314
<b>Adjustments to reconcile change in net assets to cash used in by operating activities</b>		
Depreciation and amortization expense	2,120,971	1,067,501
Loss on sale of donated properties	-	51,344
Contributions of properties held for resale	(378,716)	-
NTCIC deferred income taxes	784,361	116,337
Net realized and unrealized gain on investments	(11,056,423)	(18,460,823)
Contribution of for-profit corporation	(1,946,752)	-
Contributions restricted for long-term investment	(2,173,901)	(2,926,393)
Investment earnings allocated to endowments	538,128	448,814
Accretion of discount on long-term contribution	(680,601)	(106,450)
Allowance for uncollectible receivables	(3,884)	53,494
<b>Decrease (increase) in assets</b>		
Accounts receivable	692,337	(1,207,071)
Contributions receivable, net	(2,154,102)	(34,003,991)
Merchandise inventory	(17,068)	3,924
Prepaid expenses and other assets	110,174	(128,120)
Other long-term assets	170,386	(90,344)
<b>Increase (decrease) in liabilities</b>		
Accounts payable	(1,013,702)	2,986,289
Accrued expenses	360,977	(66,485)
Deferred revenue	(2,001,711)	(1,160,757)
Amounts held for others	(2,208,177)	(443,491)
Deferred rent	(233,097)	(185,592)
Other liabilities	(109,137)	123,121
<b>Net cash used in operating activities</b>	<b>(13,605,401)</b>	<b>(15,288,379)</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(12,619,157)	(21,653,331)
Proceeds from sales of investments	45,301,606	31,628,691
Proceeds from sales of donated property	-	198,656
Revolving funds notes receivables payments received	7,601	-
Revolving funds notes receivables advanced	-	(17,517)
Purchases of property and equipment	(1,522,319)	(5,984,695)
<b>Net cash provided by investing activities</b>	<b>31,167,731</b>	<b>4,171,804</b>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term investment	2,173,901	2,926,393
Proceeds from notes payable	7,765,264	16,457,656
Principal payments on notes payable	(9,531,847)	(7,529,577)
<b>Net cash provided by financing activities</b>	<b>407,318</b>	<b>11,854,472</b>
Net increase in cash and cash equivalents	17,969,648	737,897
Cash and cash equivalents, beginning of the year	7,767,892	7,029,995
Cash and cash equivalents, end of the year	\$ 25,737,540	\$ 7,767,892
<b>Supplemental cash flow information</b>		
Cash paid for income taxes	\$ 387,500	\$ 835,000
Cash paid for interest	\$ 489,691	\$ 255,493

*See accompanying notes to consolidated financial statements.*

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *(a) Organization*

The National Trust for Historic Preservation (the National Trust) and its subsidiaries and affiliates (collectively referred to as the Trust) is a private, non-profit organization chartered by Congress. The Trust's mission is to protect significant places representing our diverse cultural experience by taking direct action and inspiring broad public support.

National Main Street Center, Inc. (NMSC) was established in 2012 as a non-profit organization, with the National Trust as its sole member, but is governed by its own board of directors, bylaws, and operating procedures. NMSC is committed to preservation-based community revitalization of historic commercial and neighborhood districts throughout the United States.

The National Trust Community Investment Corporation (NTCIC) was organized as a wholly-owned for-profit subsidiary of the Trust in 2000. It is governed by its own board of directors, bylaws, and operating procedures. NTCIC serves as the managing member of a number of limited liability companies that invest in properties that qualify for the federal and state historic tax credits, New Markets Tax Credits and Low-Income Housing Tax Credits. Nearly all of its investments are in qualified low-income census tracts. Among other purposes, its certificate of incorporation allows it to provide other similar financial investment services related to the mission of historic preservation in the United States.

National Trust Insurance Services, LLC (NTIS), was formed by the Trust in 2003 to provide insurance services for the preservation community. NTIS was established to qualify as a licensed insurance producer. NTIS is 99% owned by NTCIC with the remaining ownership interest held by Maury, Donnelly & Parr, Inc. who acts as the agent for NTIS and markets and fulfills all insurance products as an experienced insurance producer.

Heritage Travel, LLC (HTLLC) was formed in 2008 and is wholly-owned and governed by NTCIC to provide and promote services related to heritage travel.

NT Solar, Inc. (NTS) was organized as a wholly-owned, for-profit subsidiary of NTCIC and was incorporated in 2014. NTS was established to participate in the financing, directly or indirectly, of renewable energy transactions for which the investment tax credit is being utilized.

NT CDFI, Inc. (NT CDFI) is a non-profit subsidiary of the Trust. NT CDFI is responsible for the operations of the National Trust Loan Funds. NT CDFI is governed by its own board of directors, bylaws, and operating procedures and has a primary mission of providing loans to benefit preservation-based community development. NT CDFI is managed by NTCIC under an operations agreement effective January 1, 2011. NT CDFI was dissolved, effective July 21, 2017.

National Trust Historic Real Estate Debt Fund, LLC (NTHREDF) was formed in 2016. NTHREDF was established to provide debt investment services and products for historic real estate under management by NTCIC, but with majority ownership by the Trust.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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Cooper-Molera Preservation LLC (CMP LLC) is a joint venture between the Trust and FHP Adobe LLC (FHP) established in October 2016 to further the rehabilitation, reuse, and historic preservation of Copper-Molera Adobe, an important historic site located in downtown Monterey, California. The Trust is a 98% and 92% equity partner as of June 30, 2019 and 2018, respectively. FHP is an affiliate of Foothill Partners. Foothill Partners is the managing partner who maintains the books and records on behalf of CMP LLC. Under the agreement between the partners, the Trust has an equity commitment of up to \$2.7 million, of which \$2.7 million and \$2.5 million and was funded as of June 30, 2019 and 2018, respectively.

Greenrock Corporation (Greenrock) is a wholly-owned, for-profit subsidiary of the Trust. Greenrock provides building and grounds maintenance and security services and oversees construction of capital improvements and special projects for the Pocantico estate (former home of the Rockefeller family) owned by the Trust and located in Tarrytown, New York. Greenrock was a bequest to the Trust by the estate of Greenrock's deceased former owner in March 2017. The Trust became sole owner of Greenrock on July 15, 2018.

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of the Trust. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

### *(b) Basis of Accounting*

The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), whereby support and revenue are recognized when earned and expenses are recognized when incurred.

### *(c) Basis of Presentation*

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Trust are classified and reported as follows:

#### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are not subject to donor-imposed stipulations. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Revenues from sources other than restricted contributions and investment income are reported as increases in net assets without donor restrictions. Expenses charged to programs without restrictions are reported as decreases in net assets without donor restrictions.

#### **Net Assets With Donor Restrictions**

Net assets subject to donor imposed-restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

During 2018, certain reclassifications were made to transfer net asset balances between the classes of net assets to reflect the addition of easements or the clarification of donor restrictions.

### *(d) Recently Adopted Accounting Pronouncements*

In August 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Trust has adopted ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented except the Trust has opted to present the liquidity and availability information for 2019 only as permitted under the ASU in the year of adoption. There was an increase in net assets without donor restrictions by \$2.8 million and a decrease in net assets with donor restrictions by \$2.8 million on the beginning net assets of 2019. This change in the beginning net assets of 2019 resulted from the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets as required by the ASU. There was no effect on the total change in net assets reported at June 30, 2018.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

	Net Asset Classifications		
	Without Donor Restrictions	With donor restrictions	Total Net Assets
<b>As previously presented</b>			
Unrestricted	\$ 100,309,592	\$ -	\$ 100,309,592
Temporarily restricted	-	87,688,782	87,688,782
Permanently restricted	-	117,953,228	117,953,228
<b>Total net assets, as previously presented June 30, 2018</b>	<b>100,309,592</b>	<b>205,642,010</b>	<b>305,951,602</b>
<b>To implement ASU 2016-14:</b>			
Net assets released for capital assets placed-in-service	2,787,236	(2,787,236)	-
<b>Total reclassifications to implement ASU 2016-14</b>	<b>2,787,236</b>	<b>(2,787,236)</b>	<b>-</b>
<b>Net assets, as restated June 30, 2018</b>	<b>\$ 103,096,828</b>	<b>\$ 202,854,774</b>	<b>\$ 305,591,602</b>

### (e) Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for the Trust for the fiscal year ending June 30, 2020. Management is in the process of assessing the impact this ASU will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases*, ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The guidance is effective for the Trust for the fiscal year ending June 30, 2022. Management is in the process of assessing the impact this ASU will have on the consolidated financial statements.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, to address the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. Thus, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is effective for the Trust for the fiscal year ended June 30, 2020. A reporting entity should apply the amendments retrospectively to all periods presented. Management is in the process of assessing the impact this ASU will have on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the Trust serves as the resource recipient for fiscal year ended June 30, 2020. The ASU is effective for transactions in which the Trust serves as the resource provider for fiscal year ended June 30, 2021. Management is currently evaluating the impact of this ASU on the Trust's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) (ASU 2018-13). Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The guidance is effective for the Trust for the fiscal year ending June 30, 2021. Management is currently evaluating the impact this ASU will have on the consolidated financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958), Updating the Definition of Collections*. The ASU modifies the definition of the term collections and requires entities to disclose their policy for the use of proceeds from when collection items are deaccessioned. The ASU amendment to the definition notes that proceeds from sale of deaccessioned items can be utilized for direct care. An entity that utilizes proceeds for direct care is required to disclose their definition of direct care. The provisions of the ASU are to be adopted on a prospective basis. The guidance is effective for the Trust for the fiscal year ending June 30, 2021. Management is currently evaluating the impact this ASU will have on the consolidated financial statements.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### *(f) Accounting for Historic Sites*

#### Historic Sites Owned by the Trust

The Trust owns certain historic sites that are operated as museums or are otherwise integral to the Trust's preservation programs and are either managed by the Trust or are managed for the Trust by other non-profit preservation organizations or other groups under various cooperative arrangements. Sites identified in italics below are managed by other entities.

#### Historic Sites Open to the Public

<i>Belle Grove, Middletown, Virginia</i>	<i>Brucemore, Cedar Rapids, Iowa</i>
Chesterwood, Stockbridge, Massachusetts	<i>Cliveden, Philadelphia, Pennsylvania</i>
Cooper-Molera, Monterey, California	<i>Decatur House, Washington, District of Columbia</i>
<i>Drayton Hall, Charleston County, South Carolina</i>	Farnsworth House, Plano, Illinois
<i>Filoli, Woodside, California</i>	Gaylord Building, Lockport, Illinois
<i>Kykuit, Pocantico Hills, New York</i>	Lyndhurst, Tarrytown, New York
<i>Montpelier, Montpelier Station, Virginia</i>	<i>Oatlands, Leesburg, Virginia</i>
Philip Johnson Glass House, New Canaan, Connecticut	Pope-Leighey House, Mount Vernon, Virginia
<i>President Lincoln's Cottage, Washington, District of Columbia</i>	Shadows on the Teche, New Iberia, Louisiana
<i>Villa Finale, San Antonio, Texas</i>	Woodlawn, Mount Vernon, Virginia
Woodrow Wilson House, Washington, District of Columbia	

On December 22, 2017, the Trust received a gift of Thornton Gardens, a historic site in San Marino, California, subject to a life estate of the donors. Due to the life estate, the site is not currently open to the public.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### Property the Trust May Own with Intent of Sale

Certain other properties may be held with the intent of sale. Properties accepted with the intent of sale are recognized as revenue at the time of receipt at the estimated fair value less costs for historic evaluation, repair, maintenance, and the impact of the easement on the fair value. Upon sale, the Trust ensures the preservation of these historic properties by imposing perpetual preservation easements where appropriate. Historic properties held with the intent of sale have been acquired by the Trust through outright gifts, bequests, gifts with retained life estates, purchases or other means.

### Accounting Practice for Trust-Owned Property and Other Collections

The Trust's museum collection includes historic sites, structures, landscapes and objects that are available to the public or held for that purpose. It acquires its collections by purchase or by donation. The Trust's Collections Management Policy includes guidance on the documentation, preservation, care, and management of the collections and procedures related to the accession and deaccession of collections items.

In conformity with the practice generally followed by museums, no value is assigned to the collections in the consolidated statements of financial position. The historic sites, including objects and furnishings, owned by the Trust with the intent of retention are not reported in the accompanying consolidated statements of financial position. Purchases of collection items are recognized as reductions in net assets without donor restrictions in the period of acquisition. Per the Trust's *Collections Management Policy* and following professional standards and guidelines, proceeds from deaccessions of collection items are designated for the replenishment or care of other objects within the museum collection and the preservation of historic structures or historic landscape features that are part of the Historic Structures and Landscapes Collection. Expenditures for restoration, stabilization, reconstruction, and development are charged to expense as incurred.

### (g) Cash Equivalents

Cash equivalents consist of cash and amounts invested in money market accounts. Cash equivalents held in investment accounts are excluded as they are considered to be held for long-term purposes. As of June 30, 2019 and 2018, the Trust's cash accounts held in excess of federally-insured limits were \$23,819,223 and \$5,398,294, respectively.

Restricted cash consists of working capital requirements and deposits for commitments on various projects on one of the Trust's subsidiaries. Restricted cash totaled \$225,000 and \$560,165 as of June 30, 2019 and 2018, respectively.

### (h) Accounts Receivable

Accounts receivable consist primarily of amounts due from advertising placed in the Trust's publications, royalties due, Historic Site receivables, government grants, conferences, accrued interest, and acquisition fees.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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Accounts receivable are stated at their net realizable value and are charged to bad debt expense when they are determined to be uncollectible based upon review by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

### *(i) Merchandise Inventory*

Inventory, consisting primarily of books and other merchandise, is stated at the lower of cost or market. Cost is determined on an average-cost basis.

### *(j) Split-Interest Agreements*

The Trust is the beneficiary in various split-interest agreements with donors primarily consisting of charitable gift annuities, irrevocable charitable remainder unitrusts, and retained life estates. In the year of the gift of charitable gift annuities and irrevocable charitable remainder unitrusts for which the Trust serves as the trustee (the agreements), the Trust recognizes contribution revenue on the net amount of assets received and liabilities assumed on the agreements, either as with donor restrictions or without donor restrictions based on donors' intentions. Assets held under the agreements are stated at fair value and are included in other investments in the consolidated statements of financial position.

The Trust pays a variable annuity amount equal to the specified percentage of the fair value of assets on the date of payment to the donors or the donors' designees for the remainder of their lives. The estimated life expectancies used are determined from Social Security Administration Period Life Tables, which range from two to 17 years and two to 18 years at June 30, 2019 and 2018, respectively. The discount rate is based on rates commensurate with the expected remaining life of the donors or donors' designees and was 3.375% at June 30, 2019 and 2018. The liability under these agreements is recognized at the present value of estimated future payments based on actuarial assumptions and is included in other liabilities in the consolidated statements of financial position. Adjustments to the liability to reflect changes in actuarial assumptions and amortization of discount are recognized in contributions revenue in the consolidated statements of activities.

The Trust is also named as a beneficiary of the remaining assets of irrevocable charitable remainder unitrusts whose trust funds are managed by third parties. In the year of the gift, revenue is recognized for the fair values of the Trust's beneficial interest in the trust funds, as either with donor restrictions or without donor restrictions based on donors' intentions and is included in contribution revenue. Assets are stated at fair value and are included in other investments, and the related liabilities are stated at fair value and are included in amounts held for others on the consolidated statements of financial position.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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The Trust may also be the beneficiary in irrevocable retained life estates wherein the Trust has a remainder interest in property of the donor. The donor has the right to live in the property until their death at which time the Trust takes possession of the property. In the year of the gift, revenue is recognized for the assessed fair value of the property, as with donor restrictions based on donors' intent and is included in contribution revenue. Assets are stated at fair value and are included in contributions receivable, and the related liabilities are stated at fair value and are included in amounts held for others on the consolidated statements of financial position.

### *(k) Investments*

The Trust categorizes its financial assets based on the stated purpose for each category of investment: revolving loan investments, endowment investments, and other investments.

The revolving loan fund consists of cash, cash equivalents and notes receivable. The notes receivable are recorded at their net realizable value.

Endowment assets are the largest category of investments and consist of board-designated endowment funds and endowment funds with donor restrictions. The Investment Committee monitors and approves all changes to the investment of these funds. Investments are reported at fair value. Investment results are reviewed by management on a monthly basis taking into consideration the pricing methodology and assumptions used by each fund manager in determining the fair value of the investment. Income from interest and dividends is recognized as investment income and realized and unrealized gains and losses net of board-authorized spending designated for operations are reported as non-operating support.

### *(l) Property and Equipment*

All property and equipment are capitalized at their historical cost. The Trust capitalizes all property and equipment purchased with a cost of \$10,000 or more.

Depreciation of equipment and vehicles and amortization of computer software is computed on the straight-line basis over estimated useful lives of three to 10 years. The leasehold improvements and fixtures for the Watergate headquarters building are amortized over the lesser of the 15-year term of the lease, or the estimated useful life of the leasehold improvement, using the straight-line basis. Costs associated with renovation and construction projects at historic sites, which are not part of the historic site, are depreciated over 20 to 30 years using the straight-line basis once the project has been placed in service. Land is not depreciated or amortized.

### *(m) Impairment of Long-Lived Assets*

The Trust reviews asset carrying amounts periodically in addition to whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced to its current fair value, charged to the consolidated statement of activities. No impairment loss has been recognized at June 30, 2019 and 2018.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### *(n) Contributions*

Unconditional promises to give are recorded as contributions receivable and contribution revenue in the period in which the Organization is notified by the donor of a commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Contributions receivable are recorded at net present value. Allowance for uncollectible contributions is based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions are recognized the earlier of the period received or promised. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. Revenue from grants and sponsorships is recognized when earned. Funds received in advance of expenditures are deferred until earned.

Contributions of assets other than cash are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures, historic sites, and similar assets held as part of collections are not recognized or capitalized.

### *(o) Measure of Operations*

The Trust defines operations as all revenues and expenses that are an integral part of its current year programs and supporting activities. Non-operating support includes investment returns in excess of the Trust's aggregate board-authorized spending rate, if any.

The Trust's authorized spending rate was 5% for restricted endowment funds, for endowment funds without donor restriction, and for the two general Historic Sites Funds in 2019 and 2018.

### *(p) Functional Allocation of Expenses*

The costs of providing various programs and support activities have been summarized on a functional basis in the consolidated statements of activities. Direct expenses are charged to the respective program or supporting activity. Certain costs have been allocated among the programs and support services benefited based upon management's estimate of each program's share of the allocated costs. Certain categories of expenses that are attributable to one or more program or supporting service of the Trust are allocated. The method of allocation is listed below. Accordingly, certain allocable overhead costs have been allocated among both program and supporting services.

<u>Expense</u>	<u>Method of Allocation</u>
Occupancy	Full time equivalent employee headcount
Equipment and computer supplies	Budgeted expense percentages based on headcount
Benefits	Actual fringe benefit rate

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

The Trust paid professional fundraisers \$535,961 and \$402,000 in 2019 and 2018, respectively, for services related to capital campaigns, planned giving and general appeals, which are included in fundraising in the accompanying consolidated statements of activities.

### *(q) Income Tax Status*

The Trust accounts for uncertain tax positions in accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes* (ASC 740), which requires that an income tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in an income tax return. The Trust does not believe its consolidated financial statements include any material uncertain tax positions. The Trust is still open to examination by taxing authorities from fiscal year ended June 30, 2016 forward.

The National Trust, NMSC, and NT CDFI are Section 501(c)(3) organizations exempt from income taxes as provided under Section 501(a) of the Internal Revenue Code (the IRC). Unrelated business taxable income is subject to income tax.

HTLLC, a single member limited liability company, is a disregarded entity of NTCIC under the IRC. HTLLC is taxed on NTCIC’s taxable income.

NTIS, NTHREDF and CMP LLC are treated as partnerships under the IRC. Accordingly, the members of the limited liability company are taxed on their proportionate share of NTIS’s NTHREDF’s, and CMP LLC’s taxable income.

ASC 740 also requires that deferred income taxes be recognized for the difference between the financial and the tax-reporting basis of assets and liabilities using enacted tax rates and laws that are expected to be in effect when differences are expected to reverse. NTCIC and Greenrock operate as private entities and are subject to federal and state income taxes. They account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

The components of the provision for (benefit from) for NTCIC’s income taxes, included in preservation services in the consolidated statements of activities for the years ended June 30, 2019 and 2018 were as follows:

June 30,	2019	2018
Current:		
Federal	\$ 858,655	\$ (400,021)
State and local	403,189	245,666
Total current tax expense (benefit)	1,261,844	(154,355)
Deferred:		
Federal	762,947	47,810
State and local	-	62,838
Total deferred tax expense	762,947	110,648
Provision for (benefit from) income taxes	\$ 2,024,791	\$ (43,707)

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

The effective tax rate was 26.57% and (4.52%) for the years ended June 30, 2019 and 2018, respectively. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

The components of NTCIC's deferred income taxes as of June 30, 2019 and 2018 were as follows:

June 30,	2019	2018
Net operating loss	\$ 70,217	\$ 99,776
Depreciation	61,983	71,747
Other	(490,311)	284,286
Valuation allowance	(70,217)	(99,776)
<b>Deferred tax (liability) asset</b>	<b>\$ (428,328)</b>	<b>\$ 356,033</b>

As of December 31, 2018, Greenrock corporation had approximately \$494,000 in deferred tax assets. Deferred tax assets are related to net operating loss carryforwards that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. Total net operating losses carried forward total \$2,315,009 as of December 31, 2018. A valuation allowance was recorded against all of Greenrock's deferred tax assets. Greenrock considers it more likely than not that it will not have sufficient taxable income in the future that will allow them to utilize these deferred tax assets. There were no material changes to Greenrock's income tax balances as of June 30, 2019.

### (r) Fair Value of Financial Instruments

The following methods and assumptions were used by the Trust in estimating fair value disclosures for financial instruments:

*Notes payable* - The fair value of notes payable is estimated using rates currently available to the Trust for debt with similar terms and remaining maturities. The fair values of notes payable at June 30, 2019 and 2018, are not materially different from their carrying values. Notes payable are classified as level 2 in the fair value hierarchy.

*Contributions receivable* - The fair value of contributions receivable due in less than one year is equal to their stated value as of the date of the gift. For amounts due in one year or more, fair values are estimated using discount rates determined during the year that the contribution revenue is first recognized. Contributions receivable are classified as level 2 in the fair value hierarchy.

*Split interests* - The fair value of assets related to split interest agreements is stated at market value. Retained life estates included in contributions receivable may be stated at tax assessed value when market values are not readily obtainable. Liabilities related to split interest are stated at net realizable value, and are classified as level 2 in the fair value hierarchy.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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*Investments* - The fair value of endowment assets is estimated using the practical expedient as allowed under FASB ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)* for those investments that are not publicly-traded. See Note 10 for fair value classification of endowment assets.

*All other assets and liabilities* - Fair values of all other financial instruments approximate their reported values, and they are classified as level 2 in the fair value hierarchy.

### (s) Revenue Recognition

#### Grant Income

Amounts received from local, state and federal grants, except for federally sponsored endowment funds, are recognized as income to the extent of related expenses incurred for grant purposes. Federally sponsored endowment funds are recognized as revenue at the time of receipt.

#### Contributions

Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Trust receives promises to give that have certain conditions such as meeting specific milestones or revocable features to the promise to give. Conditional promises to give are recognized as revenue when the conditions are substantially met. See Note 5.

Donated professional services and goods are recognized as contributions revenue at their fair value at the time the services are rendered. The value of donated services and goods recognized for the years ended June 30, 2019 and 2018 totaled \$2,464,790 and \$4,360,089, respectively, and includes donated professional services which would otherwise have been purchased.

During 2019, the Trust recognized \$1,946,752 in contributions related to the bequest of Greenrock to the Trust by the estate of Greenrock's deceased former owner, in accordance with FASB ASC 958-605-25-2 *Not-For-Profit Entities- Recognition - Contributions Received*.

#### Membership Dues

The Trust recognizes membership dues upon receipt. A portion of membership dues, which typically range from \$20 to \$1,000 per year, is considered a contribution and is recognized immediately. In 2019 and 2018, the Trust recognized contribution revenue on all membership payment amounts in excess of \$10 which is the internally assessed cost of serving a member at the Trust.

#### Admissions and Special Events

Revenue from admissions and special events at historic sites managed by the Trust, which help to educate the public about historic preservation, are recognized when earned.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### Investment Return

Investment return is reported as increases or decreases in net assets without donor restrictions unless their use is limited by donor-imposed stipulations whereby they are reported as changes in net assets with donor restrictions. Unrealized and realized gains and losses are recorded in investment return in the consolidated statement of activities, net of investment expenses.

### Contract Services

Revenue from contract services, such as relating to educational services to local nonprofit revitalization organizations and consulting, planning and training services to assist communities with the revitalization of their traditional commercial districts, are recognized when services are provided.

NTCIC and its subsidiaries recognize contract services revenue on acquisition, incentive asset management, asset management, reservation, consulting and administration fees, commissions and travel revenue when earned, with any amounts to be paid in future periods recorded as a receivable. Revenue is considered earned when specified events have taken place and/or when the company's obligations have been met. In addition, fees received in advance are deferred and recognized when earned.

### Sales of Articles

Revenue from sales of articles is primarily earned at the Trust's historic sites, which operate gift shops that sell books and merchandise that reflect the site's history and architecture and the field of historic preservation. The shops further the educational and interpretive missions of the historic sites and of the Trust. Revenue is recognized when merchandise is sold.

### Advertising

Advertising revenue consists primarily of revenue from the sale of advertisements in the "Preservation" magazine and on the Trust's web site.

### Public Service Announcements

Public service announcements are recognized as public service announcements revenue and expense at their fair value at the time the services are rendered. The value of public service announcements recognized for the years ended June 30, 2019 and 2018 totaled \$278,882 and \$359,072, respectively, and includes public service announcements which would otherwise have been purchased.

### Royalty Income

Royalty revenue consists primarily of revenues resulting from various third-party trademark licensing agreements for the use of the Trust's name on certain commercial products and marketing arrangements. Royalty revenue is recognized as earned.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### Miscellaneous or Other Revenue

Miscellaneous or other revenue is recognized when earned.

### (t) *Guarantees*

In accordance with FASB ASC 460, *Guarantees*, for all guarantees entered into after January 1, 2003, the Trust's obligation under the guarantee agreement (See Note 8) is estimated at the face value in the underlying debt agreement.

### (u) *Joint Costs*

In accordance with FASB ASC 958-720-50-2, *Not-For-Profit Entities - Other Expenses - Disclosure - Accounting for Costs of Activities That Include Fundraising*, the Trust allocates costs between fundraising and programmatic expenses where such joint costs serve education, advocacy or other programmatic purposes in addition to fundraising. During the years ended June 30, 2019 and 2018, all costs were charged to fundraising as there were no calls to action in accordance with the applicable guidance.

### (v) *Investments in Operating Entities*

NTCIC accounts for its investments in various operating entities (the Investment Entities) under the equity method. Under the equity method, the investments are recorded at cost and adjusted for NTCIC's share of income or loss of the Investment Entities, additional investments, and cash distributions from the Investment Entities. Since NTCIC has no obligation to fund liabilities of the Investment Entities beyond its investments, including loans and advances, investments in the Investment Entities may not be reduced below zero. To the extent that equity losses are incurred when NTCIC's carrying values of its investments in the Investment Entities have reached a zero balance, any losses will be suspended to be used against future income.

NTCIC has determined that the Investment Entities are variable interest entities and NTCIC is not the primary beneficiary. As a result, NTCIC is not required to consolidate its investments in the Investment Entities. This conclusion was based on the determination that NTCIC does not have the power to direct the activities that most significantly impact the Investment Entities economic performance.

### (w) *Risks and Uncertainties*

The Trust's invested assets consist of money market funds, short term fixed income, marketable and nonmarketable equity and debt securities. As such, these investment assets are exposed to interest rate, market and credit risk. Due to the level of uncertainty related to changes in interest rate, market volatility, and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statement of financial position. However, the diversification of the Trust's investment assets among these various asset classes is designed to mitigate the impact of any dramatic change on any one investment asset class.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### *(x) Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *(y) Reclassifications*

Certain amounts have been reclassified in the 2018 consolidated financial statements to conform to the 2019 presentation.

## 2. Description of Program and Support Services

Descriptions of the program and support services in the accompanying consolidated financial statements are as follows:

*Historic Sites* - Preserves and manages for public benefit the Trust's property, real and personal; encourages an understanding of historic preservation and history through site-based educational programs; administers networks of historic sites that collaborate on preservation issues with the Trust and reviews any potential acquisition opportunities for new historic sites.

*Preservation Services* - Provides direct action to save historic places at a revolving portfolio of important places—National Treasures—that are either nationally significant or the preservation of which will have national implications. Undertakes deep, sustained effort on nationally important preservation priorities including the revitalization of urban areas.

Within the preservation category, the Legal and Preservation Divisions advocate national historic preservation policy positions before government agencies, Congress, and state and local legislative bodies, and in courts of law (both as a party litigant and as a friend of the court); conduct research on public policy issues relating to historic preservation; administers preservation easements on sites nationwide; and provide professional expertise on the protection of historic resources and educational materials to the legal and preservation communities.

*Education, Publications and Membership* - *The education program* encourages an understanding of historic preservation through conferences and seminars, communications, training, internships, merchandising, public service announcements and preservation-related products.

*The publication program* educates, fosters knowledge, stimulates interest, and facilitates participation in public and private historic preservation through the printing and publication of the Trust's general materials, newsletters, professional journals, and magazines.

*The membership outreach program* educates the general public on the value of and techniques for preserving our nation's architectural and cultural heritage, and develops membership.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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*General and Administrative* - Includes the functions necessary to maintain an equitable employment program; ensures an adequate working environment; provides general management, coordination, and articulation of the Trust's programs and operation; secures proper administrative functioning of the board of trustees and board of advisors; provides legal counsel; manages the Trust's information technology requirements; and manages the financial, endowment, and budgetary responsibilities of the Trust.

*Fundraising* - Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations, and other grant makers.

### 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

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Cash and cash equivalents	\$ 10,405,331
Short-term investments	4,441,830
Accounts receivable	4,151,710
Contributions receivable, current	4,664,774

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Financial assets available to meet cash needs for general expenditures within one year	\$ 23,663,645
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The Trust has net assets with donor restrictions of \$206,819,022. Donor-restricted endowment funds and unspent donor-restricted gifts are not available for general use.

The Trust has board-designated quasi-endowments which include \$73,737,441 of net assets without donor restrictions subject to a Board imposed annual spending rate of 5%. Although the Trust does not intend to spend from board-designated quasi-endowment funds, these amounts could be made available if necessary.

Cash and cash equivalents and investments are subject to certain guarantees and debt covenants. See Note 8 for additional information on guarantees and Note 13 for additional information on outstanding notes payable.

#### *Liquidity management*

The Trust maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, to help manage daily liquidity needs, the Trust has a renewable line of credit of up to \$10 million. See Note 13 for additional information on the line of credit.

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Notes to Consolidated Financial Statements**

**4. Property and Equipment**

Property and equipment comprised the following:

<i>June 30,</i>	2019	2018
Land	\$ 133,000	\$ -
Buildings and improvements	17,312,605	12,891,525
Leasehold improvements	3,356,402	3,313,131
Furniture and equipment	2,415,164	1,321,358
Computer equipment	5,905,723	5,404,519
	<u>29,122,894</u>	<u>22,930,533</u>
Less accumulated depreciation	<u>(10,369,293)</u>	<u>(5,525,032)</u>
Total	<u>\$ 18,753,601</u>	<u>\$ 17,405,501</u>

Included in buildings and improvements are costs related to the renovation of the Cooper-Molera Adobe historic site in Monterey, California. Capitalized costs totaled \$7,444,659 and \$6,103,534 as of June 30, 2019 and 2018, respectively.

**5. Contributions Receivable**

Contributions receivable are summarized as follows:

<i>June 30,</i>	2019	2018
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 8,687,483	\$ 8,327,128
One to five years	6,505,464	3,916,500
More than five years	34,462,557	35,187,520
	<u>49,655,504</u>	<u>47,431,148</u>
Less:		
Allowances for uncollectible pledges	(123,515)	(127,399)
Unamortized discount	(4,405,090)	(5,015,437)
	<u>45,126,899</u>	<u>42,288,312</u>
Less current contributions receivable	<u>(8,687,483)</u>	<u>(8,327,128)</u>
Contributions receivable, net of current	<u>\$ 36,439,416</u>	<u>\$ 33,961,184</u>

The discount rates used to calculate the present value of contributions receivable range from 1.11% to 2.91% and from 0.32% to 2.91% as of June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, the Trust recognized \$680,601 and \$106,450, respectively, in accretion of discounts relating to contributions receivable.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

Commitments from donors for conditional promises to give total \$4,521,780 and \$1,309,493 at June 30, 2019 and 2018, respectively. For June 30, 2019 and 2018, these include pledges of \$225,000 and \$375,000, respectively that are letters of intent for existing programs and \$4,296,780 and \$934,493, respectively in gifts with matching requirements which will be accrued in future periods as the conditions for revenue recognition are met.

### 6. Amounts Held for Others

Amounts held for others, reported as both an asset and liability in the consolidated statements of financial position, comprised the following:

<i>June 30,</i>	2019	2018
Endowment held for Montpelier	\$ 9,307,522	\$ 11,059,032
Endowment held for the benefit of Congressional Cemetery	5,130,393	5,048,552
Endowment held for the benefit of Belle Grove	258,905	259,425
Endowment held for National Main Street Center	3,772	3,632
<b>Total amounts held for others</b>	<b>\$ 14,700,592</b>	<b>\$ 16,370,641</b>

### 7. Split-Interest Agreements

The Trust is a beneficiary of split-interest agreements in the form of charitable gift annuities, charitable remainder unitrusts, unitrusts, and pooled income funds that are included in other investments in the consolidated statements of financial position, and include the following:

<i>June 30,</i>	2019	2018
Charitable gift annuities	\$ 1,351,194	\$ 1,265,657
Charitable remainder unitrusts held by third parties	1,983,404	444,942
Charitable remainder unitrusts held by the Trust	764,074	791,514
Unitrusts	237,064	242,643
Pooled income funds	93,040	92,307
<b>Total assets held under split-interest agreements</b>	<b>\$ 4,428,776</b>	<b>\$ 2,837,063</b>

As of June 30, 2019 and 2018, liabilities associated with split-interest agreements comprised the following:

<i>June 30,</i>	2019	2018
Charitable gift annuities	\$ 1,252,719	\$ 1,195,062
Charitable remainder unitrusts held by the Trust	366,928	395,681
Pooled income funds	17,705	18,712
<b>Total liabilities related to split-interest agreements</b>	<b>\$ 1,637,352</b>	<b>\$ 1,609,455</b>

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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Liability balances represent the present value of future cash flows expected to be paid to the donor or the donor's designee over the estimated remaining term of the agreement. During the years ended June 30, 2019 and 2018, the Trust recognized \$116,272 and \$77,232, respectively, in accretion of discounts related to split-interest agreements. Liabilities related to split-interest agreements are included in other long-term liabilities in the consolidated statements of financial position.

### 8. Guarantees

#### *Bond Purchase and Loan Agreement*

The Trust has executed a Guaranty Agreement with respect to the obligation of The Montpelier Foundation (the Foundation) under a Bond Purchase and Loan Agreement. The Trust would be obligated to pay any outstanding obligation, without limitations, to Capital One in the event the Foundation defaults under the Bond Purchase and Loan Agreement. The maximum potential amount of future payments under the guarantee is \$9.1 million at June 30, 2019 and 2018, respectively. Funds invested by the Trust for the benefit of Montpelier are sufficient to offset costs or payments incurred by the Trust under the Agreement.

At June 30, 2019 and 2018, no liability was reported in the accompanying consolidated statements of financial position related to the Agreement as: (a) at this time, no information exists to indicate that a future event will occur that would cause the Trust to incur a contingent liability under the Agreement; (b) the Trust is exempt from fair valuation treatment of non-contingent liabilities under FASB ASC 460-10-30-1 and 460-10-25-1; (c) the Trust and Foundation are considered related parties.

#### *Construction Debt*

On June 21, 2017, CMP LLC and Sacramento Bank of Commerce were parties to a \$3,800,000 construction loan for the renovation of Cooper-Molera Adobe historic site in Monterey, California. The National Trust, FHP, and an individual partner of Foothill Partners are guarantors of the loan and guarantee the full repayment of the loan. The loan is secured with real and personal property of Cooper-Molera Adobe and is a ten-year loan with a maturity date of June 20, 2027. The loan balance outstanding was \$3,793,925 and \$2,957,656 as of June 30, 2019 and 2018, respectively.

#### *NTCIC Line-of-Credit*

Through the Amended and Restated Operations Agreement between NTCIC and the National Trust dated June 16, 2016, the Trust agreed to provide a line-of-credit of \$1 million to be used for NTCIC's direct operating expenses. NTCIC must consult with the Trust in order to use this line-of-credit for any other purpose. The line-of-credit has never been drawn upon by NTCIC. In December 2019, the Trust approved the extension of the line-of-credit from its maturity date on December 22, 2019 for an additional two-year term to December 22, 2021.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

### 9. Investments

The composition of investments owned by the Trust at June 30, 2019 is presented below:

	Revolving loan funds	Endowment and similar funds including amounts held for others	Other investments including short-term investments	Total
Cash holdings	\$ -	\$ 10,758,275	\$ 308,876	\$ 11,067,151
Notes receivable	24,581	-	-	24,581
Short-term holdings	-	-	5,146,959	5,146,959
Equities - U.S.	-	61,755,331	1,474,126	63,229,457
Equities - non U.S.	-	-	-	-
Equities - global	-	71,225,416	655,869	71,881,285
Fixed income	-	17,719,598	9,183,280	26,902,878
Hedge funds	-	44,918,102	-	44,918,102
Mutual funds	-	-	300,402	300,402
Opportunistic	-	329,626	754,741	1,084,367
Real assets	-	14,930,793	7,273,770	22,204,563
Private equity	-	22,240,489	-	22,240,489
<b>Total investments</b>	<b>\$ 24,581</b>	<b>\$ 243,877,630</b>	<b>\$ 25,098,023</b>	<b>\$ 269,000,234</b>

The composition of investments owned by the Trust at June 30, 2018 is presented below:

	Revolving loan funds	Endowment and similar funds including amounts held for others	Other investments including short-term investments	Total
Cash holdings	\$ -	\$ 16,215,580	\$ 3,565,739	\$ 19,781,319
Notes receivable	32,182	-	-	32,182
Short-term holdings	-	-	4,246,036	4,246,036
Equities - U.S.	-	54,506,336	1,233,745	55,740,081
Equities - non U.S.	-	35,124,550	121,919	35,246,469
Equities - global	-	54,379,780	656,101	55,035,881
Fixed income	-	18,458,323	8,265,753	26,724,076
Hedge funds	-	61,759,465	67,981	61,827,446
Opportunistic	-	1,179,499	91,297	1,270,796
Real assets	-	8,288,455	4,437,970	12,726,425
Private equity	-	18,003,150	-	18,003,150
<b>Total investments</b>	<b>\$ 32,182</b>	<b>\$ 267,915,138</b>	<b>\$ 22,686,541</b>	<b>\$ 290,633,861</b>

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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The revolving loan funds include all assets restricted or designated to the revolving loan fund program. The endowment and similar funds include all original donor-restricted gift amounts and amounts required to be maintained in perpetuity, accumulated investment gains, assets designated by the board for long-term purposes, and a general fund for unspent contributions with donor restrictions. Funds held for others are a component of the endowment funds. Other investments mainly represent split interest agreements and unspent grant funds received that the Trust has invested to obtain higher yields.

Within the revolving loan funds, notes receivable of \$24,581 and \$32,182 as of June 30, 2019 and 2018, respectively, were investments in various partnerships.

### 10. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) defines fair value, requires disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on the inputs to the valuations of an asset or liability at the measurement date. Fair value is defined 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. The following three-level hierarchy classifies the inputs used to determine fair value:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs, other than quoted prices, that are observable by a marketplace participant, either directly or indirectly; and
- Level 3 - unobservable inputs that are significant to the fair value measurement.

The Trust applies the guidance in ASC 820 to its investments including equities, bonds and fixed income, hedge funds, real assets and private equity. This guidance permits, as a practical expedient, the fair values of investments within its scope to be estimated using net asset value per share or its equivalent.

It should be noted that investment risk cannot be estimated based on this classification methodology.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

The following table classifies all investments into the hierarchy set forth by ASC 820 as of June 30, 2019:

	Level 1	Level 2	Level 3	Reported at NAV *	Total
Cash holdings	\$ 11,067,151	\$ -	\$ -	\$ -	\$ 11,067,151
Notes receivable	-	24,581	-	-	24,581
Short-term holdings	5,146,959	-	-	-	5,146,959
Equities - U.S.	2,650,846	-	-	60,578,611	63,229,457
Equities - non U.S.	-	-	-	-	-
Equities - global	18,291,160	-	-	53,590,125	71,881,285
Fixed income - domestic	10,308,697	-	-	16,504,278	26,812,975
Fixed income - international	37,853	-	-	-	37,853
Fixed income - Securities	-	52,050	-	-	52,050
Hedge funds - open mandate	-	-	-	525,814	525,814
Hedge funds - credit-driven/ distressed	-	-	-	13,143,793	13,143,793
Hedge funds - global long/short	-	-	-	31,001,436	31,001,436
Hedge funds - remaining investment stubs	-	-	-	247,059	247,059
Mutual Funds	300,402	-	-	-	300,402
Opportunistic	1,084,367	-	-	-	1,084,367
Real assets	-	-	-	22,204,563	22,204,563
Private equity	-	-	-	22,240,489	22,240,489
<b>Total</b>	<b>\$ 48,887,435</b>	<b>\$ 76,631</b>	<b>\$ -</b>	<b>\$ 220,036,168</b>	<b>\$ 269,000,234</b>

\* Certain investments that are measured at NAV, as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

The following table classifies all investments into the hierarchy set forth by ASC 820 as of June 30, 2018:

	Level 1	Level 2	Level 3	Reported at NAV *	Total
Cash holdings	\$ 19,781,319	\$ -	\$ -	\$ -	\$ 19,781,319
Notes receivable	-	32,182	-	-	32,182
Short-term holdings	4,246,036	-	-	-	4,246,036
Equities - U.S.	1,233,745	-	-	54,506,336	55,740,081
Equities - non U.S.	180,083	-	-	35,066,386	35,246,469
Equities - global	15,204,753	-	-	39,831,128	55,035,881
Fixed income - domestic	9,187,900	-	-	17,316,252	26,504,152
Fixed income - international	219,924	-	-	-	219,924
Hedge funds - open mandate	67,981	-	-	10,996,071	11,064,052
Hedge funds - credit-driven/ distressed	-	-	-	12,881,152	12,881,152
Hedge funds - global long/short	-	-	-	37,468,302	37,468,302
Hedge funds - remaining investment stubs	-	-	-	413,940	413,940
Opportunistic	1,270,796	-	-	-	1,270,796
Real assets	85,823	4,352,147	-	8,288,455	12,726,425
Private equity	-	-	-	18,003,150	18,003,150
<b>Total</b>	<b>\$ 51,478,360</b>	<b>\$ 4,384,329</b>	<b>\$ -</b>	<b>\$ 234,771,172</b>	<b>\$ 290,633,861</b>

\* Certain investments that are measured at NAV, as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

## National Trust for Historic Preservation and its Subsidiaries and Affiliates

### Notes to Consolidated Financial Statements

The following table sets forth a summary of the Trust's investments with a reported net asset value as of June 30, 2019:

	Fair value	Unfunded commitments	Redemption frequency	Notice period
Equities - U.S. (a)	\$ 60,578,611	\$ -	Monthly to quarterly	30 - 60 days
Equities - global (a)	53,590,125	-	Daily to monthly	6 - 30 days
Fixed income (b)	16,504,278	-	Daily	3 days
Hedge funds - open mandate (c)	525,814	1,788,000	Annually	45 days
Hedge funds - credit-driven/distressed (c)	13,143,793	1,700,000	Quarterly	60 - 90 days
Hedge funds - global long/short (c)	31,001,436	-	Quarterly	60 - 90 days
Hedge funds - remaining investment stubs (c)	247,059	-	On-going	N/A
Real assets (d)	22,204,563	1,898,675	Locked	N/A
Private equity (e)	22,240,489	14,208,238	Locked	N/A
Total investments valued using the practical expedient	\$ 220,036,168	\$ 19,594,913		

The nature and risks inherent in each of the Trust's major categories of investments where the fair value was estimated using the practical expedient are summarized as follows:

- a) This category includes U.S., non-U.S., and global equity investments and share in the returns and risks associated with exposure to their respective markets.
- b) This category includes fixed income investments and share in the returns and risks associated with exposure to U.S. and non-U.S. credit markets, interest rates and foreign currencies.
- c) Hedge fund investments are comprised of a diversified portfolio and share in the returns and risks associated with the equity markets, credit markets, interest rates and foreign currencies. In addition, some of these funds may present lower liquidity, organizational risk, event and deal risks, leverage, and counterparty risk. Reduced redemption rights have been accepted for certain funds in order to access these funds.
- d) Real assets investments are invested globally, principally in the energy and materials sector with smaller amounts invested in land, timber and renewable energy and share in the returns and risks associated with equity markets, interest rates and commodities markets.
- e) Private equity investments are invested globally in consumer, computer, medical/pharmaceuticals, communications, financials, services, energy and electronics and share in the risks and returns associated with the equity markets and credit market risks.

## National Trust for Historic Preservation and its Subsidiaries and Affiliates

### Notes to Consolidated Financial Statements

The following table sets forth a summary of the Trust's investments with a reported net asset value as of June 30, 2018:

	Fair value	Unfunded commitments	Redemption frequency	Notice period
Equities - U.S. (a)	\$ 54,506,336	\$ -	Monthly to quarterly	30 - 60 days
Equities - non U.S. (a)	35,066,386	-	Daily to quarterly	10 - 60 days
Equities - global (a)	39,831,128	-	Daily to monthly	6 - 30 days
Fixed income (b)	17,316,252	-	Daily	3 days
Hedge funds - open mandate (c)	10,996,071	-	Annually	45 days
Hedge funds - credit-driven/distressed (c)	12,881,152	2,575,000	Quarterly	60 - 90 days
Hedge funds - global long/short (c)	37,468,302	-	Quarterly	60 - 90 days
Hedge funds - remaining investment stubs (c)	413,940	-	On-going	N/A
Real assets (d)	8,288,455	3,391,498	Locked	N/A
Private equity (e)	18,003,150	13,451,787	Locked	N/A
<b>Total investments valued using the practical expedient</b>	<b>\$ 234,771,172</b>	<b>\$ 19,418,285</b>		

The nature and risks inherent in each of the Trust's major categories of investments where the fair value was estimated using the practical expedient are summarized as follows:

- a) This category includes U.S., non-U.S., and global equity investments and share in the returns and risks associated with exposure to their respective markets.
- b) This category includes fixed income investments and share in the returns and risks associated with exposure to U.S. and non-U.S. credit markets, interest rates and foreign currencies.
- c) Hedge fund investments are comprised of a diversified portfolio and share in the returns and risks associated with the equity markets, credit markets, interest rates and foreign currencies. In addition, some of these funds may present lower liquidity, organizational risk, event and deal risks, leverage, and counterparty risk. Reduced redemption rights have been accepted for certain funds in order to access these funds.
- d) Real assets investments are invested globally, principally in the energy and materials sector with smaller amounts invested in land, timber and renewable energy and share in the returns and risks associated with equity markets, interest rates and commodities markets.
- e) Private equity investments are invested globally in consumer, computer, medical/pharmaceuticals, communications, financials, services, energy and electronics and share in the risks and returns associated with the equity markets and credit market risks.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### 11. Management of Endowment Funds

The Trust's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Donor-restricted endowment funds and donor-restricted term endowment funds are classified as net assets with donor restrictions.

The Trust has interpreted the District of Columbia *Uniform Prudent Management of Institutional Funds Act of 2007* (the Act) as requiring the Trust, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate donor-restricted endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. The Trust classifies as net assets with donor restrictions (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 required by the applicable donor gift instrument. The remaining portion of donor-restricted endowment funds that are not classified as described above, are classified as accumulated investment gain net assets with donor restrictions until those amounts are appropriated for expenditure by the Trust.

In making a determination to appropriate or accumulate, the Trust adheres to the standard of prudence prescribed by the Act and considers the following factors:

- 1) The duration and preservation of the fund;
- 2) The purpose of the Trust and the donor-restricted endowment;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected unrealized appreciation and depreciation of the investments;
- 6) Other resources of the Trust; and
- 7) The investment policy of the Trust.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires. There were no donor-restricted endowment funds as of June 30, 2019 and 2018, that fell below the level that the donor or the Act requires.

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Notes to Consolidated Financial Statements**

Endowment net assets consist of the following as of June 30, 2019:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 73,737,441	\$ -	\$ 73,737,441
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	91,591,965	91,591,965
Accumulated investment gains	-	54,539,315	54,539,315
Term endowments	-	15,127,512	15,127,512
<b>Total</b>	<b>\$ 73,737,441</b>	<b>\$ 161,258,792</b>	<b>\$ 234,996,233</b>

Changes in endowment net assets for year ended June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 94,113,731	\$ 161,430,766	\$ 255,544,497
Contributions	168,060	2,213,056	2,381,116
Transfers of endowments to other classes	(19,854,403)	-	(19,854,403)
Appropriation for operational expenditures	(4,795,074)	(8,496,848)	(13,291,922)
Investment return	4,105,127	6,111,818	10,216,945
<b>Endowment net assets, end of year</b>	<b>\$ 73,737,441</b>	<b>\$ 161,258,792</b>	<b>\$ 234,996,233</b>

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

Endowment net assets consist of the following as of June 30, 2018:

	Without Donor Restriction	With Donor Restrictions	Total
Restricted cash obligation fund	\$ 11,937,397	\$ -	\$ 11,937,397
Board-designated endowment funds	82,176,334	-	82,176,334
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	89,444,551	89,444,551
Accumulated investment gains	-	55,787,781	55,787,781
Term endowments	-	16,198,434	16,198,434
<b>Total</b>	<b>\$ 94,113,731</b>	<b>\$ 161,430,766</b>	<b>\$ 255,544,497</b>

Changes in endowment net assets for year ended June 30, 2018 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 91,590,204	\$ 154,672,220	\$ 246,262,424
Contributions	122,468	3,115,552	3,238,020
Transfers of endowments to other classes	587,759	(587,759)	-
Appropriation for operational expenditures	(5,551,632)	(6,962,973)	(12,514,605)
Investment return	7,364,932	11,193,726	18,558,658
<b>Endowment net assets, end of year</b>	<b>\$ 94,113,731</b>	<b>\$ 161,430,766</b>	<b>\$ 255,544,497</b>

## 12. Rental Income and Expense

The Trust rents buildings at its historic sites to staff or unrelated parties as housing or other uses and also leases space for site staff offices, visitor facilities and related uses with various lease expiration dates through 2022. Most of these buildings are considered a part of the Trust's collection and are therefore not included in the financial statements. The Emerson building, located in Denver, Colorado is used for both staff offices and a leased space for third parties. The cost of the Emerson building and renovations at June 30, 2019 was \$4,623,513, with accumulated depreciation and amortization of \$239,335.

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Notes to Consolidated Financial Statements**

Future minimum rental income from non-cancelable operating leases is as follows:

*Years ending June 30,*

2020	\$	344,806
2021		158,545
2022		123,189
2023		63,285
<hr/>		
Total	\$	689,825

The Trust rents certain office space for field offices and the headquarters building, and equipment under operating leases. Total rental expense under such leases was \$2,311,051 and \$2,280,164 for the years ended June 30, 2019 and 2018, respectively, and is included in occupancy expenses within the consolidated statements of functional expenses. The Trust holds a letter of credit in favor of the landlord for its headquarters office in the amount of \$135,561 in lieu of a security deposit for this lease.

Minimum future lease commitments on office space and equipment are as follows:

*Years ending June 30,*

2020	\$	2,349,316
2021		2,166,290
2022		2,197,571
2023		2,253,267
2024		2,320,152
Thereafter		11,052,117
<hr/>		
Total	\$	22,338,713

**National Trust for Historic Preservation  
and its Subsidiaries and Affiliates**

**Notes to Consolidated Financial Statements**

**13. Notes Payable**

Notes payable at June 30, 2019 and 2018 consist of the following:

	2019	2018
Ruth Falkenberg \$1,500,000 loan for the renovation of Emerson School Building in Denver at 5% monthly interest with interest and principal payments of \$8,052 due May 1, 2013 through September 30, 2022. Secured with the deed of trust on the Emerson School Building.	\$ 1,338,616	\$ 1,370,463
Sacramento Bank of Commerce \$3,800,000 construction loan for the renovation of Cooper-Molera Adobe historic site in Monterey, California at 5.15% monthly interest for the first seven years and the five-year Constant Maturity Treasury Rate plus 2.75% thereafter. Payments are interest only. Beginning July 1, 2019, principal and interest payments with principal payments based on a 25-year amortization. Loan matures on June 20, 2027. Secured with a leasehold interest in the commercial portions of the Cooper-Molera property.	3,793,925	2,957,656
Unsecured promissory notes in the amount of \$314,000 for renovation of Cooper-Molera Adobe historic site in Monterey, California at 8% interest per annum. Principal and interest are due on December 31, 2020.	314,556	-
Bank of America, line-of-credit (LOC) \$10,000,000 for operations at British Bankers Association (BBA) LIBOR Daily Floating Rate plus 1.3% paid monthly (3.7% at June 30, 2019). LOC is secured with the deposits and accounts maintained with the Bank of America and expires on May 31, 2020. The Trust must maintain a debt to unrestricted, unencumbered liquid asset ratio of greater than 2 to 1 or approximately \$22,123,000.	5,614,439	8,500,000
<b>Total</b>	<b>11,061,536</b>	<b>12,828,119</b>
<b>Less: current portion</b>	<b>(6,024,187)</b>	<b>(8,528,758)</b>
<b>Noncurrent portion</b>	<b>\$ 5,037,349</b>	<b>\$ 4,299,361</b>

The Trust recognized \$489,691 and \$255,493 of interest expense for the years ended June 30, 2019 and 2018, respectively. Interest expense is allocated between preservation services and general and administrative expenses in the consolidated statements of activities.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

Future principal payments of notes payable outstanding at June 30, 2019 are as follows:

*Years ending June 30,*

2020	\$	6,024,186
2021		725,857
2022		412,933
2023		1,622,205
2024		379,393
Thereafter		1,896,962
<b>Total</b>		<b>\$ 11,061,536</b>

### 14. Net Assets

Net assets without donor restrictions consist of the following at June 30, 2019:

	Available for operations	Board- designated	Total
Net investment in property and equipment	\$ 18,753,601	\$ -	\$ 18,753,601
Other operating funds	6,704,627	-	6,704,627
Funds functioning as board- designated endowment funds	-	73,737,441	73,737,441
Other board-designated	-	5,531,446	5,531,446
	<b>\$ 25,458,228</b>	<b>\$ 79,268,887</b>	<b>\$ 104,727,115</b>

Net assets without donor restrictions consist of the following at June 30, 2018:

	Available for operations	Board- designated	Total
Net investment in property and equipment	\$ 17,405,501	\$ -	\$ 17,405,501
Other operating funds	(120,005)	-	(120,005)
Funds functioning as board-designated endowment funds	-	82,176,334	82,176,334
Other board-designated	-	3,634,998	3,634,998
	<b>\$ 17,285,496</b>	<b>\$ 85,811,332</b>	<b>\$ 103,096,828</b>

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

Net assets with donor restrictions result from gifts of cash and other assets with donor-imposed restrictions to (a) support particular program activities, (b) invest for a specified term, (c) use in a specified period, or (d) acquire long-lived assets. Net assets with donor restrictions are restricted for the following purposes or periods:

<i>June 30,</i>	2019	2018
Subject to expenditure for a specified purpose:		
NMSC Subsidiary	\$ 605,610	\$ 689,527
Specific properties or programs	16,534,514	12,180,309
	17,140,124	12,869,836
Subject to the passage of time:		
Beneficial interest in charitable trusts	40,947	41,578
Assets held under split-interest agreements	3,637	3,917
	44,584	45,495
Endowments:		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Preservation and maintenance of specific historic properties or programs	69,666,827	71,986,215
Subject to endowment policy and appropriation:		
Specific properties	58,244,835	57,484,834
Specific programs	22,132,998	21,035,585
General operations	11,214,132	10,924,132
	161,258,792	161,430,766
Unconditional promises to give, net - permanently restricted to endowment	27,855,321	27,974,799
Not subject to spending policy or appropriation:		
Beneficial interest in charitable trusts held by others	603,154	616,420
Assets held under split-interest agreements	(82,953)	(82,542)
	520,201	533,878
Total net assets with donor restrictions	\$ 206,819,022	\$ 202,854,774

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

### 15. Designated by Board of Trustees

Funds designated by the Board of Trustees represent the portion of funds without donor restrictions that have been set aside for specific purposes by action of the Board of Trustees.

Following is a summary of activity in funds designated by the Trustees for the years ended June 30:

	2019	2018
Board-designated net assets, beginning of year	\$ 85,811,332	\$ 85,936,840
Activity for the year:		
Amounts transferred to Board-designated	5,693,159	-
Amounts transferred from Board-designated	(11,676,125)	(17,533)
Net gains on quasi-endowments	4,055,267	2,040,868
Funds expended for Board-designated purposes	(4,614,745)	(2,148,843)
Total activity for the period	(6,542,444)	(125,508)
Board-designated net assets, end of period	\$ 79,268,888	\$ 85,811,332

### 16. Retirement Plan

The Trust adopted a noncontributory defined contribution pension plan, effective January 1, 1986. The plan provides benefits to all eligible employees of the Trust. Contributions are currently determined based on 5% of the eligible employees' earnings for the calendar year. Employer contributions for eligible employees were \$825,273 and \$876,375 for the year ended 2019 and 2018, respectively. Participants are 20% vested after two years of service, 50% vested after three years of service, 75% vested after four years of service and 100% vested after five years of service or upon reaching age 55. Forfeitures of non-vested participant balances are used to offset future employer contributions.

The Trust adopted a voluntary employee contribution 403(b) retirement plan in 2007 to provide retirement benefits to eligible employees on an elective deferral contribution basis. The Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Employees are 100% vested in their accounts at all times.

The Trust adopted a nonqualified deferred retirement savings plan (457(b)) for senior management and highly compensated employees on January 1, 2003. The plan currently allows eligible employees to defer salary amounts up to the maximum allowed under IRS regulations (up to \$18,500 in calendar year 2018) annually. The Retirement Committee adopted a resolution on November 18, 2015 specifying that a select group of management or highly compensated employees are eligible to participate. As of June 30, 2019 and 2018, assets and liabilities associated with this plan are \$373,807 and \$527,824, respectively.

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Notes to Consolidated Financial Statements

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### 17. Contingencies

#### *Government Grants*

The Trust receives federal grants which are subject to audit. Until such audits have been completed and final settlement reached, there exists a contingency to refund amounts received in excess of allowable costs. Management believes that adjustments, if any, would not have a significant effect on the consolidated financial statements.

#### *Litigation*

The Trust occasionally has participated as plaintiff or defendant in litigation to defend its general corporate interests, for example in matters relating to contractual, employment, or tort-related claims. Management believes that the outcome of litigation, if any, will not be material to the consolidated financial statements.

### 18. Subsequent Events

The Trust has evaluated events subsequent to June 30, 2019 and through December 24, 2019, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these consolidated financial statements.

## Supplemental Schedules

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# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Consolidating Statement of Financial Position

<i>June 30, 2019</i>	National Trust	Subsidiaries and affiliates	Eliminations	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 16,857,337	\$ 8,881,360	\$ (1,157)	\$ 25,737,540
Short-term investments	-	4,441,830	-	4,441,830
Accounts receivable	1,524,933	3,077,011	(450,234)	4,151,710
Contributions receivable, current	8,687,483	-	-	8,687,483
Merchandise inventory	461,012	-	-	461,012
Prepaid expenses and other assets	801,387	331,745	-	1,133,132
Donated properties held for resale	378,716	-	-	378,716
Investment in subsidiaries	20,936,363	-	(20,936,363)	-
<b>Total current assets</b>	<b>49,647,231</b>	<b>16,731,946</b>	<b>(21,387,754)</b>	<b>44,991,423</b>
Noncurrent investments:				
Revolving loan funds	521,000	24,581	(521,000)	24,581
Endowments and similar funds	229,173,265	3,773	-	229,177,038
Amounts held for others	14,700,592	-	-	14,700,592
Other investments	13,642,698	7,013,495	-	20,656,193
<b>Total noncurrent investments</b>	<b>258,037,555</b>	<b>7,041,849</b>	<b>(521,000)</b>	<b>264,558,404</b>
Contributions receivable, net of current	36,439,416	-	-	36,439,416
Property and equipment, net	9,843,196	8,910,405	-	18,753,601
Other long-term assets	614,143	-	-	614,143
<b>Total noncurrent assets</b>	<b>304,934,310</b>	<b>15,952,254</b>	<b>(521,000)</b>	<b>320,365,564</b>
<b>Total assets</b>	<b>\$ 354,581,541</b>	<b>\$ 32,684,200</b>	<b>\$ (21,908,754)</b>	<b>\$ 365,356,987</b>
<b>Liabilities and net assets</b>				
Current liabilities:				
Accounts payable	\$ 5,739,658	\$ 3,204,830	\$ (431,391)	8,513,097
Accrued expenses	2,169,594	188,736	-	2,358,330
Deferred revenue, current	3,466,469	1,283,641	-	4,750,110
Notes payable, current	5,644,794	379,393	-	6,024,187
<b>Total current liabilities</b>	<b>17,020,515</b>	<b>5,056,600</b>	<b>(431,391)</b>	<b>21,645,724</b>
Notes payable, net of current	1,308,261	4,270,088	(541,000)	5,037,349
Deferred revenue, net of current	4,538,789	-	-	4,538,789
Amounts held for others	14,700,592	-	-	14,700,592
Deferred rent	4,939,443	229,152	-	5,168,595
Deferred tax income taxes	-	428,328	-	428,328
Other liabilities	2,238,279	53,193	-	2,291,472
<b>Total liabilities</b>	<b>44,745,879</b>	<b>10,037,361</b>	<b>(972,391)</b>	<b>53,810,849</b>
Net assets				
Without donor restrictions	103,622,248	22,041,231	(20,936,363)	104,727,116
With donor restrictions	206,213,414	605,608	-	206,819,022
<b>Total net assets</b>	<b>309,835,662</b>	<b>22,646,839</b>	<b>(20,936,363)</b>	<b>311,546,138</b>
<b>Total liabilities and net assets</b>	<b>\$ 354,581,541</b>	<b>\$ 32,684,200</b>	<b>\$ (21,908,754)</b>	<b>\$ 365,356,987</b>

*See accompanying notes to consolidated financial statements.*

# National Trust for Historic Preservation and its Subsidiaries and Affiliates

## Consolidating Statement of Activities

<i>Year ended June 30, 2019</i>	National Trust	Subsidiaries and affiliates	Eliminations	Total
<b>Operating revenues, gains, and other support</b>				
Grant income	\$ 3,388,140	\$ -	\$ -	\$ 3,388,140
Contributions	38,584,843	1,173,701	(19,471)	39,739,073
Membership dues	945,474	858,891	-	1,804,365
Admissions and special events	3,285,849	792,140	-	4,077,989
Investment income	20,855,819	(91,633)	(4,350,759)	16,413,427
Contract services	246,803	17,565,896	(163,150)	17,649,549
Sales of articles	999,625	420	-	1,000,045
Advertising	513,927	8,115	-	522,042
Rental income	613,171	185,262	-	798,433
Public service announcements	278,882	-	-	278,882
Royalty income	1,276,682	-	(896,122)	380,560
Miscellaneous	608,012	2,339,256	-	2,947,268
<b>Total operating revenues, gains and other support</b>	<b>71,597,227</b>	<b>22,832,048</b>	<b>(5,429,502)</b>	<b>88,999,773</b>
<b>Operating expenses</b>				
Program services				
Historic sites	20,068,443	3,587,954	-	23,656,397
Preservation services	15,764,170	10,125,464	(1,078,743)	24,810,891
Education, publications and membership	12,526,989	1,635,237	-	14,162,226
<b>Total program services</b>	<b>48,359,602</b>	<b>15,348,655</b>	<b>(1,078,743)</b>	<b>62,629,514</b>
Support services				
General and administration	9,102,512	3,054,948	-	12,157,462
Fundraising	5,305,851	-	-	5,305,851
<b>Total support services</b>	<b>14,408,363</b>	<b>3,054,948</b>	<b>-</b>	<b>17,463,311</b>
<b>Total operating expenses</b>	<b>62,767,965</b>	<b>18,403,603</b>	<b>(1,078,743)</b>	<b>80,092,825</b>
Excess (deficiency) of operating revenues, gains, and other support over (under) operating expenses	8,829,262	4,428,445	(4,350,759)	8,906,948
<b>Nonoperating support</b>				
Investment return in excess of amounts designated for operations	(3,345,111)	1,651,899	(1,619,200)	(3,312,412)
Change in net assets before inter-organizational capital contributions and dividends	5,484,151	6,080,344	(5,969,959)	5,594,536
Inter-organizational capital contributions and dividends	-	81,362	(81,362)	-
<b>Changes in net assets</b>	<b>5,484,151</b>	<b>6,161,706</b>	<b>(6,051,321)</b>	<b>5,594,536</b>
<b>Net assets, beginning of year</b>	<b>304,351,511</b>	<b>16,485,133</b>	<b>(14,885,042)</b>	<b>305,951,602</b>
<b>Net assets, end of year</b>	<b>\$ 309,835,662</b>	<b>\$ 22,646,839</b>	<b>\$ (20,936,363)</b>	<b>\$ 311,546,138</b>

*See accompanying notes to consolidated financial statements.*