National Trust for Historic Preservation and its Subsidiaries and Affiliates

Consolidated Financial Statements, Supplemental Schedules and Independent Auditor's Report
Years Ended June 30, 2020 and 2019

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

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Independent Auditor's Report
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National Trust for Historic Preservation
and its Subsidiaries and Affiliates

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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 Consolidated 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, 2020 and 2019, 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 $15,448,067 and $19,890,183 of total consolidated assets as of June 30, 2020 and 2019, respectively and $5,573,938 and $14,902,305 of total consolidated operating revenues for the years ended June 30, 2020 and 2019, 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 for 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 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, 2020 and 2019, 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 Matter

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 consolidating statement of activities as of and for the year ended June 30, 2020 are presented for purposes of additional analysis and are 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.

BDO USA, LLP

McLean, Virginia
December 21, 2020

Consolidated Financial Statements

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidated Statements of Financial Position

June 30,	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ **21,462,011**	$ 25,737,540
Short-term investments (Notes 9 and 10)	**4,441,870**	4,441,830
Accounts receivable	**6,699,457**	4,151,710
Contributions receivable, current (Note 5)	**7,263,831**	8,687,483
Prepaid expenses and other assets	**1,481,992**	1,972,860
Total current assets	**41,349,161**	44,991,423
Noncurrent investments: (Notes 9, 10, and 11)		
Endowments and similar funds	**233,095,986**	229,177,038
Amounts held for others (Notes 6 and 9)	**14,050,733**	14,700,592
Other investments (Notes 7 and 9)	**51,014,544**	20,680,774
Total noncurrent investments	**298,161,263**	264,558,404
Contributions receivable, net of current (Note 5)	**16,158,607**	36,439,416
Property and equipment, net (Note 4)	**17,057,532**	18,753,601
Other long-term assets	**798,119**	614,143
Total noncurrent assets	**332,175,521**	320,365,564
Total assets	**$ 373,524,682**	$ 365,356,987
Liabilities and net assets		
Liabilities		
Current liabilities:		
Accounts payable	$ **7,125,576**	$ 8,513,097
Accrued expenses	**3,244,023**	2,358,330
Refundable advances and deferred revenue, current	**4,939,725**	4,750,110
Notes payable, current (Note 13)	**1,603,308**	6,024,187
Total current liabilities	**16,912,632**	21,645,724
Notes payable, net of current (Note 13)	**4,910,711**	5,037,349
Refundable advances and deferred revenue, net of current	**4,676,600**	4,538,789
Amounts held for others (Note 6)	**14,050,733**	14,700,592
Deferred rent	**4,857,094**	5,168,595
Other liabilities	**2,746,871**	2,719,800
Total liabilities	**48,154,641**	53,810,849
Commitments and Contingencies		
Net assets (Note 14)		
Without donor restrictions	**96,571,539**	104,727,116
With donor restrictions	**228,798,502**	206,819,022
Total net assets	**325,370,041**	311,546,138
Total liabilities and net assets	**$ 373,524,682**	$ 365,356,987

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidated Statement of Activities

Year ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains, and other support			
Contributions and grant income	$ 16,733,253	$ 41,399,340	$ 58,132,593
Investment return	10,030,497	2,743,496	12,773,993
Contract services	8,731,341	-	8,731,341
Admissions and special events	2,366,551	-	2,366,551
Program fees and other income	5,229,709	-	5,229,709
Net assets released from restrictions	21,016,485	(21,016,485)	-
Total operating revenues, gains, and other support	64,107,836	23,126,351	87,234,187
Operating expenses			
Program services			
Historic sites	24,779,315	-	24,779,315
Preservation services	19,542,412	-	19,542,412
Education, publications and membership	12,162,744	-	12,162,744
Total program services	56,484,471	-	56,484,471
Support services			
General and administrative	10,219,345	-	10,219,345
Fundraising	4,943,929	-	4,943,929
Total support services	15,163,274	-	15,163,274
Total operating expenses	71,647,745	-	71,647,745
(Deficiency) excess of operating revenues, gains, and other support (under) over operating expenses	(7,539,909)	23,126,351	15,586,442
Nonoperating support			
Investment losses in excess of amounts designated for operations	(2,371,177)	(1,146,871)	(3,518,048)
Change in net assets before benefit from income taxes	(9,911,086)	21,979,480	12,068,394
Benefit from income taxes (Note 1p)	1,755,509	-	1,755,509
Change in net assets after benefit from income taxes	(8,155,577)	21,979,480	13,823,903
Net assets, beginning of year	104,727,116	206,819,022	311,546,138
Net assets, end of year	$ 96,571,539	$ 228,798,502	$ 325,370,041

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidated Statement of Activities

Year ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues, gains, and other support			
Contributions and grant income	$ 25,936,538	$ 18,415,030	$ 44,351,568
Contract services	17,649,549	-	17,649,549
Investment return	13,594,639	2,818,788	16,413,427
Admissions and special events	4,077,989	-	4,077,989
Program fees and other income	6,507,240	-	6,507,240
Net assets released from restrictions	14,640,424	(14,640,424)	-
Total operating revenues, gains, and other support	82,406,379	6,593,394	88,999,773
Operating expenses			
Program services			
Historic sites	23,656,397	-	23,656,397
Preservation services	22,786,100	-	22,786,100
Education, publications and membership	14,162,226	-	14,162,226
Total program services	60,604,723	-	60,604,723
Support services			
General and administrative	12,157,460	-	12,157,460
Fundraising	5,305,851	-	5,305,851
Total support services	17,463,311	-	17,463,311
Total operating expenses	78,068,034	-	78,068,034
Excess of operating revenues, gains, and other support over operating expenses	4,338,345	6,593,394	10,931,739
Nonoperating support			
Investment losses in excess of amounts designated for operations	(683,266)	(2,629,146)	(3,312,412)
Change in net assets before provision for income taxes	3,655,079	3,964,248	7,619,327
Provision for income taxes (Note 1p)	(2,024,791)	-	(2,024,791)
Change in net assets after provision for income taxes	1,630,288	3,964,248	5,594,536
Net assets, beginning of year	103,096,828	202,854,774	305,951,602
Net assets, end of year	$ 104,727,116	$ 206,819,022	$ 311,546,138

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
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Consolidated Statement of Functional Expenses

Year ended June 30, 2020	Historic sites	Preservation services	Education, publications and membership	Total Program services	General and administrative	Fundraising	Total support services	Total
Employee costs:								
Salaries	$ 6,067,293	$ 7,990,084	$ 3,211,538	$ 17,268,915	$ 3,981,662	$ 3,066,031	$ 7,047,693	$ 24,316,608
Payroll taxes and benefits	1,083,014	1,580,330	561,071	3,224,415	727,744	419,888	1,147,632	4,372,047
Total employee costs	7,150,307	9,570,414	3,772,609	20,493,330	4,709,406	3,485,919	8,195,325	28,688,655
Real estate	9,539,147	-	-	9,539,147	-	-	-	9,539,147
Grants	735,490	5,495,235	1,623,634	7,854,359	-	-	-	7,854,359
Professional services	601,612	1,679,180	1,856,861	4,137,653	2,481,074	126,288	2,607,362	6,745,015
Occupancy	786,351	966,090	647,295	2,399,736	346,934	443,453	790,387	3,190,123
Printing and media	204,364	49,323	1,751,016	2,004,703	13,682	279,865	293,547	2,298,250
Depreciation and amortization	609,049	244,765	-	853,814	1,415,490	-	1,415,490	2,269,304
Maintenance	1,736,090	43,724	-	1,779,814	74,397	4,425	78,822	1,858,636
Computer and telecommunications	370,557	455,771	366,860	1,193,188	342,153	196,199	538,352	1,731,540
Miscellaneous	743,460	241,104	155,031	1,139,595	374,810	19,265	394,075	1,533,670
Postage and delivery	16,828	16,888	1,051,394	1,085,110	21,661	158,885	180,546	1,265,656
Travel	104,736	605,778	156,614	867,128	164,878	68,366	233,244	1,100,372
Property development	1,023,570	-	-	1,023,570	-	-	-	1,023,570
Insurance	714,584	86,497	2,991	804,072	205,890	3,147	209,037	1,013,109
Special events	141,827	46,144	266,250	454,221	37,361	132,048	169,409	623,630
Public service announcements	-	-	472,931	472,931	-	-	-	472,931
Cost of goods sold	220,243	1,211	2,443	223,897	-	-	-	223,897
Reference materials	32,838	24,360	34,877	92,075	6,503	25,110	31,613	123,688
Office supplies	48,262	15,928	1,938	66,128	25,106	959	26,065	92,193
Total other expenses	17,629,008	9,971,998	8,390,135	35,991,141	5,509,939	1,458,010	6,967,949	42,959,090
Total operating expenses	$ 24,779,315	$ 19,542,412	$ 12,162,744	$ 56,484,471	$ 10,219,345	$ 4,943,929	$ 15,163,274	$ 71,647,745

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidated Statement of Functional Expenses

Year ended June 30, 2019	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
Total employee costs	7,524,402	12,437,242	4,725,176	24,686,820	4,704,493	3,310,108	8,014,601	32,701,421
Grants	1,308,503	5,101,435	2,018,467	8,428,405	14,296	-	14,296	8,442,701
Professional services	704,142	1,129,692	1,934,598	3,768,432	3,252,853	352,305	3,605,158	7,373,590
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 and media	224,874	346,163	2,026,285	2,597,322	70,929	349,920	420,849	3,018,171
Computer and 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
Miscellaneous	434,195	265,571	128,687	828,453	539,881	15,463	555,344	1,383,797
Postage and 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
Total other expenses	16,131,995	10,348,858	9,437,050	35,917,903	7,452,967	1,995,743	9,448,710	45,366,613
Total operating expenses	$ 23,656,397	$ 22,786,100	$ 14,162,226	$ 60,604,723	$ 12,157,460	$ 5,305,851	$ 17,463,311	$ 78,068,034

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidated Statements of Cash Flows

Year ended June 30,	**2020**	2019
Cash flows from operating activities		
Change in net assets	**$ 13,823,903**	$ 5,594,536
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation and amortization	**2,269,304**	2,120,971
Gain on sale of donated properties	**(160,684)**	-
Loss on properties held for resale	**52,020**	-
Contributions of properties held for resale	**-**	(378,716)
NTCIC deferred income taxes	**(675,071)**	784,361
Net realized and unrealized gain on investments	**(7,673,133)**	(11,056,423)
Contribution of for-profit corporation	**-**	(1,946,752)
Contributions restricted for long-term investment	**(3,859,946)**	(2,173,901)
Investment earnings allocated to endowments held for others	**528,554**	538,128
Accretion of discount on long-term contributions receivable	**(2,584,280)**	(680,601)
Allowance for uncollectible receivables	**(41,263)**	(3,884)
Decrease (increase) in assets		
Accounts receivable	**(2,547,747)**	692,337
Contributions receivable	**8,066,604**	(2,154,102)
Prepaid expenses and other assets	**112,152**	93,106
Other long-term assets	**10,747**	170,386
Increase (decrease) in liabilities		
Accounts payable	**(1,387,521)**	(1,013,702)
Accrued expenses	**885,693**	360,977
Refundable advances and deferred revenue	**(4,169,174)**	(2,001,711)
Amounts held for others	**(1,178,413)**	(2,208,177)
Deferred rent	**(311,501)**	(233,097)
Other liabilities	**455,399**	(109,137)
Net cash provided by (used in) operating activities	**1,615,643**	(13,605,401)
Cash flows from investing activities		
Purchases of investments	**(25,798,541)**	(12,619,157)
Proceeds from sales of investments	**20,628,775**	45,309,207
Proceeds from sales of donated property	**539,400**	-
Purchases of property and equipment	**(573,235)**	(1,522,319)
Net cash (used in) provided by investing activities	**(5,203,601)**	31,167,731
Cash flows from financing activities		
Contributions restricted for long-term investment	**3,859,946**	2,173,901
Proceeds from notes payable	**11,923,558**	7,765,264
Principal payments on notes payable	**(16,471,075)**	(9,531,847)
Net cash (used in) provided by financing activities	**(687,571)**	407,318
Net (decrease) increase in cash and cash equivalents	**(4,275,529)**	17,969,648
Cash and cash equivalents, beginning of the year	**25,737,540**	7,767,892
Cash and cash equivalents, end of the year	**$ 21,462,011**	$ 25,737,540
Supplemental cash flow information		
Cash paid for income taxes	$ 60,000	$ 387,500
Cash paid for interest	$ 525,670	$ 489,691

See accompanying notes to consolidated financial statements.

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 National 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 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.

National Trust Tours, LLC, (NTT) formerly Heritage Travel, LLC, 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 investment tax credits are being utilized.

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. As of June 30, 2020, the entity has no operating activity, and there is no operating agreement established with NTCIC.

Cooper-Molera Preservation LLC (CMP LLC) is a joint venture between the Trust and FHP Adobe LLC (FHP) established in 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% equity partner as of June 30, 2020 and 2019, 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 which was entirely funded as of June 30, 2019 with no further commitments outstanding.

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 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 with donor restrictions are 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 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.

(d) Recently Adopted Authoritative Guidance

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. ASU 2018-08 provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. 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 ending June 30, 2021.

The Trust has adopted ASU 2018-08 for transactions in which the Trust serves as both the resource recipient and resource provider for the fiscal year ended June 30, 2020. As required by ASU 2018-08, the Trust applied the requirements on a modified prospective basis to agreements that were not complete as of July 1, 2019. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Trust reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08. The Trust determined that a grant agreement that was previously accounted for as an exchange transaction with a remaining value of $7,207,974 at July 1, 2019 should be reported as an unconditional contribution with donor restrictions with a corresponding decrease in deferred revenue.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* (Subtopic 825-10), *Recognition and Measurement of Financial Assets and Financial Liabilities*. The update affects the accounting for equity investments and financial liabilities, and the presentation and disclosure requirements for financial instruments. The adoption of the new standard removed disclosure of the fair value financial instruments in the notes to the consolidated financial statements in 2020. The Trust has adopted the ASU and there was no effect on the change in net assets reported at June 30, 2020 and 2019.

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. The adoption of this update did not materially impact 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. The Trust currently discloses its *Collections Management Policy* with respect to proceeds of deaccessions in the consolidated financial statements and will continue to do so.

(e) Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of ASC 606 is an entity should recognize revenue to depict the transfer of control for 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. In applying the revenue principles, an entity is required to identify the contract(s) with a customer, identify the performance obligations, determine the transaction price, allocate the transaction price to the performance obligations, and recognize revenue when the performance obligation is satisfied (i.e., either over time or point in time). ASC 606 further requires that companies disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASC 606 is effective for the Trust for the fiscal year ending June 30, 2021. 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*). ASU 2016-02 requires a lessee to record, for all 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. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. The guidance is effective for the Trust for the fiscal year ending June 30, 2023. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. Management is evaluating the effect that adoption of this new standard will have 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 disclosures in the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires disclosure of contributed nonfinancial assets in a separate line item within the statement of activities, disclosure of the policy about monetizing rather than utilizing contributed nonfinancial assets and qualitative information about those monetized or utilized during the fiscal year, and a description of any donor-imposed restrictions on the contributed nonfinancial assets. This guidance must be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The guidance is effective for the Trust for the fiscal year ending June 30, 2022. Early adoption is permitted. Management is currently evaluating the impact this ASU will have on disclosures in the consolidated financial statements.

(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

Belle Grove, Middletown, Virginia

Brucemore, Cedar Rapids, Iowa

Chesterwood, Stockbridge, Massachusetts

Cliveden, Philadelphia, Pennsylvania

Cooper-Molera, Monterey, California

Decatur House, Washington, District of Columbia

Drayton Hall, Charleston County, South Carolina

Farnsworth House, Plano, Illinois

Filoli, Woodside, California

Gaylord Building, Lockport, Illinois

Kykuit, Pocantico Hills, New York

Lyndhurst, Tarrytown, New York

Montpelier, Montpelier Station, Virginia

Oatlands, Leesburg, Virginia

Philip Johnson Glass House, New Canaan, Connecticut

Pope-Leighey House, Mount Vernon, Virginia

President Lincoln’s Cottage, Washington, District of Columbia

Shadows on the Teche, New Iberia, Louisiana

Villa Finale, San Antonio, Texas

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.

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.

Property the Trust May Own with Intent of Sale

Certain non-collection properties may be held with the intent for future 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. Properties with a retained life estate are recorded as other investments and operated as non-collection real estate until the ultimate sale occurs.

(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, 2020 and 2019, the Trust's cash accounts held in excess of federally-insured limits were $19,355,604 and $23,819,223, 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, and acquisition fees.

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) Contributions Receivable

Unconditional promises to give are recorded as contributions receivable and contribution revenue in the period in which the Trust 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. 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 conditions within the arrangements have been satisfied by the Trust. 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.

(j) Endowment Investments

Endowment assets 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. 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.

(k) Other Investments

Other investments consist of irrevocable retained life estates of non-collection real estate, short-term investments, and split-interest agreements.

The Trust is the beneficiary of irrevocable retained life estates wherein the Trust has a remainder interest in donated property. The donor has the right to live in the property until 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' intentions, and is included in contribution revenue. Based on donors' intentions, contributions receivable may be reduced instead. Assets are stated at fair value and the related liabilities are stated at fair value and are included in deferred revenue on the consolidated statements of financial position.

Short-term investments are invested in treasury instruments and certificates of deposit and are reported at fair value.

The Trust is also the beneficiary in various split-interest agreements with donors primarily consisting of charitable gift annuities and irrevocable charitable remainder unitrusts. 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 three to 17 years and two to 17 years at June 30, 2020 and 2019, 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 both June 30, 2020 and June 30, 2019. 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 value 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. The related liabilities are the responsibility of the third-party manager and are not recorded in the Trust's consolidated financial statements.

(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 improvements using the straight-line basis. Costs associated with renovation and construction projects at historic sites, which are not part of the historic site, are capitalized and 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, 2020 and 2019.

(n) 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 return in excess of the Trust's aggregate board-authorized spending rate, if any.

The Trust's authorized spending rate was 4.95% and 5.0% for restricted endowment funds, for endowment funds without donor restriction, and for the two general Historic Sites Funds in 2020 and 2019, respectively.

(o) 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. The method of allocation is listed below.

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

(p) Income Tax Status

The Trust accounts for uncertain tax positions in accordance with FASB 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, 2017 forward.

The National Trust and NMSC 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.

NTT, a single member limited liability company, is a disregarded entity of NTCIC under the IRC and operating activity from NTT flows to NTCIC.

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

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, NTS, 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 (benefit from) provision for income taxes for NTCIC and Greenrock, included in preservation services in the consolidated statements of activities for the years ended June 30, 2020 and 2019, were as follows:

June 30,	**2020**	2019
Current:		
Federal	**$ (379,961)**	$ 858,655
State and local	**-**	403,189
Total current tax (benefit) expense	**(379,961)**	1,261,844
Deferred:		
Federal	**(1,179,574)**	762,947
State and local	**(195,974)**	-
Total deferred tax expense	**(1,375,548)**	762,947
(Benefit from) provision for income taxes	**$ (1,755,509)**	$ 2,024,791

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, 2020 and 2019 were as follows:

June 30,	**2020**	2019
State net operating loss carryforward	**$ 261,802**	$ 70,217
Depreciation	**65,325**	61,983
Other	**(14,556)**	(490,311)
Valuation allowance	**(65,828)**	(70,217)
Deferred tax asset (liability)	**$ 246,743**	$ (428,328)

Greenrock had approximately $443,000 and $494,000 in deferred tax assets as of December 31, 2019 and 2018, respectively. 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 totaled $2,107,467 and $2,351,009 as of December 31, 2019 and 2018, respectively. 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, 2020 and 2019, respectively.

(q) Revenue Recognition

Contributions and Grant Income

Contributions, including unconditional promises to give, are recognized as revenues in the period received or when the pledge is made. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. See Note 5. 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 is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

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.

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, 2020 and 2019 totaled $1,410,835 and $2,464,790, respectively, and includes donated professional services which would otherwise have been purchased.

Grants awarded by federal sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying reimbursable expenses have been incurred and conditions under the agreements are met. The Trust has elected the simultaneous release policy available under ASU 2018-08 for donor-restricted contributions that were initially conditional contributions, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Other grants awarded by non-federal sponsors are considered exchange transactions. Revenue is recognized as costs are incurred.

Contract Services

Revenue from contract services, such as those 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 receivables. 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.

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 statements of activities, net of investment expenses.

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.

Program Fees and Other Income

Program fees and other income consists of the following types of revenue:

Commission income is considered earned when specified events have taken place and/or the Trust's obligations have been met.

Rental income is recognized on a straight-line basis over the period relating to the rental of buildings at the Trust's historic sites and other buildings owned by the Trust to staff and other unrelated parties for housing or office usage.

Advertising revenue consists primarily of revenue from the sale of advertisements in the "Preservation" magazine and on the Trust's web site and is recognized when the magazine containing the advertisement is distributed or the advertisement is displayed on the website.

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.

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.

Miscellaneous or other revenue is recognized when earned.

(r) ***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.

(s) ***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, 2020 and 2019, all costs were charged to fundraising as there were no calls to action in accordance with the applicable guidance.

(t) 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.

(u) Investment 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 statements 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.

(v) 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.

(w) Reclassifications

Certain amounts have been reclassified in the 2019 consolidated financial statements to conform to the 2020 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 that are either nationally significant or the preservation of which will have national implications. Undertakes deep, sustained effort on nationally important preservation priorities focusing on diversity, equity, inclusion, and accessibility.

Within the preservation category, the Law 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; administer 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 division encourages an understanding of historic preservation through conferences and seminars, communications, training, internships, merchandising, public service announcements, and preservation-related products.

The publications division 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 division educates the general public on the value of and techniques for preserving our nation's architectural and cultural heritage and develops membership.

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 operations; 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 comprise the following:

June 30,		**2020**	2019
Cash and cash equivalents	**$**	**6,162,015**	$ 10,405,331
Short-term investments		**4,441,870**	4,441,830
Accounts receivable		**6,699,457**	4,151,710
Contributions receivable, current		**2,235,637**	4,664,774
Financial assets available to meet cash needs for general expenditures within one year	**$**	**19,538,979**	$ 23,663,645

The Trust has net assets with donor restrictions of $228,798,502 and $206,819,022 as of June 30, 2020 and 2019, respectively. Donor-restricted endowment funds and unspent donor-restricted gifts are not available for general use.

The Trust has board-designated quasi-endowments which include $74,382,571 and $73,737,441 of net assets without donor restrictions subject to a Board imposed annual spending rate of 4.95% and 5% as of June 30, 2020 and 2019, respectively. 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. 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 had a line-of-credit of up to $10 million available until June 30, 2020. A new line-of-credit of up to $10 million was secured with a new bank in July 2020. See Note 13 for additional information on the lines-of-credit.

4. Property and Equipment

Property and equipment comprised the following:

June 30,		**2020**		2019
Land	**$**	**133,000**	$	133,000
Buildings and improvements		**17,592,126**		17,312,605
Leasehold improvements		**3,359,252**		3,356,402
Furniture and equipment		**2,482,097**		2,415,164
Computer equipment		**6,095,108**		5,905,723
		29,661,583		29,122,894
Less accumulated depreciation		**(12,604,051)**		(10,369,293)
Total	**$**	**17,057,532**	$	18,753,601

Included in buildings and improvements are costs related to the renovation of the Cooper-Molera Adobe historic site in Monterey, California. Capitalized costs for the historic site totaled $7,724,241 and $7,444,659 as of June 30, 2020 and 2019, respectively.

5. Contributions Receivable

Contributions receivable are summarized as follows:

June 30,		**2020**		2019
Unconditional promises to give expected to be collected in:				
Less than one year	**$**	**7,263,831**	$	8,687,483
One to five years		**3,724,989**		6,505,464
More than five years		**14,336,680**		34,462,557
		25,325,500		49,655,504
Less:				
Allowances for uncollectible pledges		**(82,252)**		(123,515)
Unamortized discount		**(1,820,810)**		(4,405,090)
		23,422,438		45,126,899
Less current contributions receivable		**(7,263,831)**		(8,687,483)
Contributions receivable, net of current	**$**	**16,158,607**	$	36,439,416

The discount rates used to calculate the present value of contributions receivable range from 0.21% to 2.92% and from 1.11% to 2.91% as of June 30, 2020 and 2019, respectively. During the years ended June 30, 2020 and 2019, the Trust recognized $2,584,280 and $680,601, respectively, in accretion of discounts relating to contributions receivable.

Commitments from donors for conditional promises to give total $1,252,509 and $4,521,780 at June 30, 2020 and 2019, respectively. For June 30, 2020 and 2019, these include pledges of $100,000 and $225,000, respectively that are letters of intent for existing programs and $1,152,509 and $4,296,780, 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:

June 30,	**2020**	2019
Endowment held for Montpelier	**$ 8,634,380**	$ 9,307,522
Endowment held for the benefit of Congressional Cemetery	**5,105,978**	5,130,393
Endowment held for the benefit of Belle Grove	**257,970**	258,905
Endowment held for National Main Street Center	**52,405**	3,772
Total amounts held for others	**$ 14,050,733**	$ 14,700,592

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:

June 30,	**2020**	2019
Charitable gift annuities	**$ 2,281,931**	$ 1,351,194
Charitable remainder unitrusts, non-trusteed	**1,955,913**	1,983,404
Charitable remainder unitrusts, trusteed	**690,341**	764,074
Unitrusts	**224,297**	237,064
Pooled income funds	**91,780**	93,040
Total assets held under split-interest agreements	**$ 5,244,262**	$ 4,428,776

As of June 30, 2020 and 2019, liabilities associated with split-interest agreements comprised the following:

June 30,	**2020**	2019
Charitable gift annuities	**$ 1,972,654**	$ 1,252,719
Charitable remainder unitrusts, trusteed	**317,861**	366,928
Pooled income funds	**16,129**	17,705
Total liabilities related to split-interest agreements	**$ 2,306,644**	$ 1,637,352

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, 2020 and 2019, the Trust recognized $64,992 and $116,272, 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.

The Trust is the beneficiary of irrevocable retained life estates wherein the Trust has a remainder interest in donated property. The donor has the right to live in the property until death at which time the Trust takes possession of the property. Retained life estates are recorded at fair value in the consolidated statements of activities in the period received. Fair value is generally determined by appraisal at the time of the transfer of ownership. The input to the fair value estimate is classified in Level 3 of the fair value hierarchy. Non-collection real estate held with retained life estates totaled $20.8 million and $0.8 million as of June 30, 2020 and 2019, respectively, and are included in other investments 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 Bank 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, 2020 and 2019, respectively. The outstanding bond balance at June 30, 2020 is $8,219,000 under the Bond Purchase and Loan Agreement. The funds invested by the Trust for the benefit of Montpelier or donor-restricted for Montpelier are sufficient to offset potential costs or payments incurred by the Trust under the Agreement.

At June 30, 2020 and 2019, 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 the Cooper-Molera historic site. The National Trust, FHP, and an individual partner of Foothill Partners are co-guarantors of the loan and guarantee the full repayment of the loan. The loan is secured with real and personal property of the historic site and is a ten-year loan with a maturity date of June 20, 2027. The loan balance outstanding was $3,714,365 and $3,793,925 as of June 30, 2020 and 2019, 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.

9. Investments

The composition of investments owned by the Trust at June 30, 2020 is presented below:

	Endowment and similar funds including amounts held for others	Other investments including short-term investments	Total
Cash holdings	$ 7,420,820	$ 371,624	$ 7,792,444
Short-term holdings	-	18,222,562	18,222,562
Mutual funds	-	317,622	317,622
Equities - U.S.	62,439,748	1,711,348	64,151,096
Equities - global	69,695,683	886,083	70,581,766
Fixed income	12,385,225	6,594,248	18,979,473
Hedge funds	48,534,375	-	48,534,375
Opportunistic	-	498,053	498,053
Real assets	12,295,255	6,094,874	18,390,129
Non-collection real estate	-	20,760,000	20,760,000
Private equity	34,375,613	-	34,375,613
Total investments	$ 247,146,719	$ 55,456,414	$ 302,603,133

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

	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
Short-term holdings	-	5,171,540	5,171,540
Mutual funds	-	300,402	300,402
Equities – U.S.	61,755,331	1,474,126	63,229,457
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
Opportunistic	329,626	754,741	1,084,367
Real assets	14,930,793	6,513,770	21,444,563
Non-collection real estate	-	760,000	760,000
Private equity	22,240,489	-	22,240,489
Total investments	$ 243,877,630	$ 25,122,604	$ 269,000,234

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 represent donated non-collection property under irrevocable retained life estates, unspent grant funds received that the Trust has invested to obtain higher yields, and split-interest agreements.

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.

The following table classifies all investments into the hierarchy set forth by ASC 820 as of June 30, 2020:

	Level 1	Level 2	Level 3	Reported at NAV *	Total
Cash holdings	$ 7,792,444	$ -	$ -	$ -	$ 7,792,444
Short-term holdings	18,206,324	16,238	-	-	18,222,562
Mutual funds	317,622	-	-	-	317,622
Equities – U.S.	2,771,086	-	-	61,380,010	64,151,096
Equities – global	17,152,744	-	-	53,429,022	70,581,766
Fixed income	7,833,146	146,125	-	11,000,202	18,979,473
Hedge funds - other	-	-	-	311,966	311,966
Hedge funds - credit-driven/ distressed	-	-	-	12,610,048	12,610,048
Hedge funds – global	-	-	-	35,612,361	35,612,361
Opportunistic	498,053	-	-	-	498,053
Real assets	-	-	-	18,390,129	18,390,129
Non-collection real estate	-	-	20,760,000	-	20,760,000
Private equity	-	-	-	34,375,613	34,375,613
Total	$ 54,571,419	$ 162,363	$ 20,760,000	$ 227,109,351	$ 302,603,133

* 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.

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
Short-term holdings	5,146,959	24,581	-	-	5,171,540
Mutual funds	300,402	-	-	-	300,402
Equities – U.S.	2,650,846	-	-	60,578,611	63,229,457
Equities – global	18,291,160	-		53,590,125	71,881,285
Fixed income	10,346,550	52,050	-	16,504,278	26,902,878
Hedge funds - other	-	-	-	772,873	772,873
Hedge funds - credit-driven/ distressed	-	-	-	13,143,793	13,143,793
Hedge funds - global	-	-	-	31,001,436	31,001,436
Opportunistic	1,084,367	-	-	-	1,084,367
Real assets	-	-	-	21,444,563	21,444,563
Non-collection real estate	-	-	760,000	-	760,000
Private equity	-	-	-	22,240,489	22,240,489
Total	$ 48,887,435	$ 76,631	$ 760,000	$ 219,276,168	$ 269,000,234

* 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.

Changes in Fair Value Levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. The Trust's management evaluates the significance of transfers between levels based upon the nature of the investment. For the year ended June 30, 2020, there were no significant transfers in or out of Level 3.

Level 3 Changes

The following table sets forth a summary of changes in the fair value of the Trust's Level 3 assets for the year ended June 30, 2020:

	Non-Collection Real Estate
Balance at July 1, 2018	$ 760,000
Purchases	-
Sales/redemptions	-
Realized and unrealized gains/losses	-
Balance at June 30, 2019	$ 760,000
Real estate obtained with retained life estates	20,000,000
Sales/redemptions	-
Realized and unrealized gains/losses	-
Balance at June 30, 2020	$ 20,760,000

The following table sets forth a summary of the Trust's investments with a reported Level 3 and net asset value as of June 30, 2020:

	Fair value	Unfunded commitments	Redemption frequency	Notice period
Equities – U.S. (a)	$ 61,380,010	$ -	Monthly to quarterly	30 - 60 days
Equities - global (a)	53,429,022	-	Daily to monthly	6 - 30 days
Fixed income (b)	11,000,202	-	Daily	3 days
Hedge funds - other (c)	311,966	-	Quarterly	60 - 90 days
Hedge funds - credit-driven/distressed (c)	12,610,048	3,000,000	Quarterly	60 - 90 days
Hedge funds - global (c)	35,612,361	-	Quarterly to annually	60 - 90 days
Real assets (d)	18,390,129	1,305,917	Locked	N/A
Non-collection real estate (e)	20,760,000	-	No fixed redemption period	N/A
Private equity (f)	34,375,613	10,555,664	Locked	N/A
Total investments valued using the practical expedient	$ 247,869,351	$ 14,861,581		

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., 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) Non-collection real estate held consists of donated property with irrevocable retained life estates wherein the Trust has a remainder interest in the property.
f) 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.

The following table sets forth a summary of the Trust’s investments with a reported level 3 and 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 (c)	772,873	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 (c)	31,001,436	-	Quarterly	60 - 90 days
Real assets (d)	21,444,563	1,898,675	Locked	N/A
Non-collection real estate (e)	760,000	-	No fixed redemption period	N/A
Private equity (f)	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) Non-collection real estate held consists of donated property with irrevocable retained life estates wherein the Trust has a remainder interest in the property.
f) 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.

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, 2020 and 2019 that fell below the level that the donor or the Act requires.

Endowment net assets consist of the following as of June 30, 2020:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 74,382,571	-	$ 74,382,571
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	95,511,818	95,511,818
Accumulated investment gains	-	53,463,721	53,463,721
Term endowments	-	15,157,762	15,157,762
Total	$ 74,382,571	$ 164,133,301	$ 238,515,872

Changes in endowment net assets for year ended June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 73,737,441	$ 161,258,792	$ 234,996,233
Contributions	1,869,899	3,984,853	5,854,752
Appropriation for operational expenditures	(3,484,180)	(7,216,325)	(10,700,505)
Investment return	2,259,411	6,105,981	8,365,392
Endowment net assets, end of year	$ 74,382,571	$ 164,133,301	$ 238,515,872

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

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated quasi-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
Total	$ 73,737,441	$ 161,258,792	$ 234,996,233

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
Endowment net assets, end of year	$ 73,737,441	$ 161,258,792	$ 234,996,233

12. Rental Income and Expense

The Emerson building, located in Denver, Colorado, is used for both Trust staff offices and a leased space to third parties. The cost of the Emerson building and renovations at June 30, 2020 was $4,623,513 with accumulated depreciation and amortization of $364,600. The Cooper-Molera Adobe historic site, leases commercial portions of the site to third parties. The cost of renovations to the buildings used for commercial purposes at June 30, 2020 was $7,724,180 with accumulated depreciation and amortization of $390,500. The Trust also 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. Most of these buildings are considered a part of the Trust's collection and are therefore not included in the consolidated financial statements.

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

Years ending June 30,	
2021	$ 588,126
2022	538,163
2023	459,389
2024	268,633
2025	244,800
Thereafter	767,300
Total	$ 2,866,411

The Trust leases certain office space for field offices and the headquarters building and equipment under operating leases. Total lease expense was $2,272,383 and $2,311,051 for the years ended June 30, 2020 and 2019, respectively, and is included in occupancy expenses within the consolidated statements of functional expenses. The Trust held a letter of credit at June 30, 2020 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,	
2021	$ 2,166,290
2022	2,197,571
2023	2,253,267
2024	2,320,152
2025	2,388,818
Thereafter	8,663,299
Total	$ 19,989,397

13. Notes Payable

Notes payable at June 30, 2020 and 2019 consist of the following:

		2020		2019
Bank of America, line-of-credit $10,000,000 for operations at British Bankers Association (BBA) LIBOR Daily Floating Rate plus 1.3% paid monthly. Line-of-credit is secured with deposits and accounts maintained with Bank of America. The line expired on June 30, 2020.	**$**	**-**	$	5,614,439
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.		**1,311,540**		1,338,616
Sacramento Bank of Commerce $3,800,000 construction loan for the renovation of the Cooper-Molera Adobe property 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 of $22,719 with principal payments based on a 25-year amortization. This loan matures on June 20, 2027 and is secured with a leasehold interest in the commercial portions of the property.		**3,714,365**		3,793,925
Two loans made pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling $606,700 and $316,858 for the National Trust's subsidiaries NTCIC and Main Street, respectively. Loan forgiveness applications will be filed in fiscal year 2021.		**923,558**		-
Unsecured promissory notes for the renovation of Cooper-Molera Adobe historic site in Monterey, California at 8-9% interest per annum.		**564,556**		314,556
Total		**6,514,019**		11,061,536
Less: current portion		**(1,603,308)**		(6,024,187)
Noncurrent portion	**$**	**4,910,711**	$	5,037,349

The Trust obtained a new $10 million line-of-credit facility with JPMorgan Chase Bank effective July 24, 2020 with a term of 24 months and an interest rate of LIBOR plus 1.28%. Subsequent to year-end and through the issuance date of the accompanying consolidated financial statements, the Trust has drawn approximately $4.75 million on the line-of-credit.

Future principal payments of notes payable outstanding at June 30, 2020 are as follows:

Years ending June 30,		
2021	$	**1,603,308**
2022		**121,219**
2023		**1,338,393**
2024		**97,169**
2025		**102,293**
Thereafter		**3,251,637**
Total	$	**6,514,019**

14. Net Assets

Net assets without donor restrictions consist of the following at June 30, 2020:

	Available for operations	Board-designated	Total
Net investment in property and equipment	**$ 17,057,532**	**$ -**	**$ 17,057,532**
Other operating funds	**1,709,648**	**-**	**1,709,648**
Funds functioning as board - designated quasi-endowment funds	**-**	**74,382,571**	**74,382,571**
Other board-designated	**-**	**3,421,788**	**3,421,788**
	$ 18,767,180	**$ 77,804,359**	**$ 96,571,539**

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 quasi-endowment funds	-	73,737,441	73,737,441
Other board-designated	-	5,531,447	5,531,447
	$ 25,458,228	$ 79,268,888	$ 104,727,116

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:

June 30,	**2020**	2019
Subject to expenditure for a specified purpose:		
NMSC Subsidiary	**$ 757,935**	$ 605,610
Specific properties or programs	**35,056,254**	16,534,514
	35,814,189	17,140,124
Subject to the passage of time:		
Beneficial interest in charitable trusts	**305**	3,637
Assets held under split-interest agreements	**34,683**	40,947
	34,988	44,584
Endowments:		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Preservation and maintenance of specific historic properties or programs	**68,621,483**	69,666,827
Subject to endowment policy and appropriation:		
Specific properties	**60,643,122**	58,244,835
Specific programs	**23,204,563**	22,132,998
General operations	**11,664,132**	11,214,132
	164,133,300	161,258,792
Unconditional promises to give, net – permanently restricted to endowment	**28,331,410**	27,855,321
Not subject to spending policy or appropriation:		
Beneficial interest in charitable trusts held by others	**569,317**	603,154
Assets held under split-interest agreements	**(84,702)**	(82,953)
	484,615	520,201
Total net assets with donor restrictions	**$ 228,798,502**	$ 206,819,022

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:

	2020	2019
Board-designated net assets, beginning of year	**$ 79,268,888**	$ 85,811,332
Activity for the year:		
Amounts transferred to board-designated	**512,973**	5,693,159
Amounts transferred from board-designated	**(60,000)**	(11,676,125)
Net gains on quasi-endowments	**2,278,447**	4,055,267
Funds expended for board-designated purposes	**(4,195,949)**	(4,614,745)
Total activity for the period	**(1,464,529)**	(6,542,444)
Board-designated net assets, end of period	**$ 77,804,359**	$ 79,268,888

16. Retirement Plans

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 $807,650 and $825,273 for the year ended 2020 and 2019, 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. 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, 2020 and 2019, assets and liabilities associated with this plan are $363,059 and $373,807, respectively.

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. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. Most of the Trust's historic sites were closed to the public in March 2020, resuming operations as permitted by various states. Because the values of the Trust's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Trust's liquidity cannot be determined at this time.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." On May 4, 2020, pursuant to the Paycheck Protection Program under the CARES Act, the National Trust received funds totaling $3.3 million. Management considers the funds as a refundable advance and is included as such in the accompanying consolidated statements of financial position. The Trust will file a loan forgiveness application in fiscal year 2021. Management continues to evaluate the impact of the CARES Act on the consolidated financial statements. As discussed in Note 13, the National Trust's subsidiaries NTCIC and Main Street applied for and received $606,700 and $316,858, in funds respectively, under the Paycheck Protection Program.

The application for these funds requires the Trust to, in good faith, certify that the current economic uncertainty made the loan requests necessary to support the ongoing operations of the Trust. This certification further requires the Trust to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loans, is dependent on the Trust having initially qualified for the loans and qualifying for the forgiveness of such loans based on future adherence to the forgiveness criteria.

In September 2020, the Trust modified its defined contribution pension plan to suspend the 5% employer contribution for 2020 to be paid in August 2021. Management will meet in September 2021 to determine whether to reinstate the contribution for 2021 which is currently reflected in the Trust's budget for fiscal year 2022.

19. Subsequent Events

The Trust has evaluated events subsequent to June 30, 2020 and through December 21, 2020, 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, except as described in Note 13 and Note 18 as it relates to the defined contribution pension plan.

Supplemental Schedules

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidating Statement of Financial Position

June 30, 2020	National Trust	Subsidiaries and affiliates	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 16,958,270	$ 4,503,741	$ -	$ 21,462,011
Short-term investments	-	4,441,870	-	4,441,870
Accounts receivable	2,923,148	4,093,475	(317,166)	6,699,457
Contributions receivable, current	7,263,831	-	-	7,263,831
Prepaid expenses and other assets	994,244	487,748	-	1,481,992
Investment in subsidiaries	17,453,723	-	(17,453,723)	-
Total current assets	45,593,216	13,526,834	(17,770,889)	41,349,161
Noncurrent investments:				
Endowments and similar funds	233,095,986	51,947	(51,947)	233,095,986
Amounts held for others	14,050,733	-	-	14,050,733
Other investments	45,684,219	5,851,325	(521,000)	51,014,544
Total noncurrent investments	292,830,938	5,903,272	(572,947)	298,161,263
Contributions receivable, net of current	16,158,607	-	-	16,158,607
Property and equipment, net	8,479,277	8,578,255	-	17,057,532
Other long-term assets	551,376	246,743	-	798,119
Total noncurrent assets	318,020,198	14,728,270	(572,947)	332,175,521
Total assets	$ 363,613,414	$ 28,255,104	$ (18,343,836)	$ 373,524,682
Liabilities and net assets				
Current liabilities:				
Accounts payable	$ 5,927,696	$ 1,469,045	$ (271,165)	$ 7,125,576
Accrued expenses	2,494,786	749,237	-	3,244,023
Refundable advances and deferred revenue, current	3,747,862	1,191,863	-	4,939,725
Notes payable, current	31,644	2,138,664	(567,000)	1,603,308
Total current liabilities	12,201,988	5,548,809	(838,165)	16,912,632
Notes payable, net of current	1,279,896	3,630,815	-	4,910,711
Refundable advances and deferred revenue, net of current	4,676,600	-	-	4,676,600
Amounts held for others	14,050,733	-	-	14,050,733
Deferred rent	4,655,072	202,022	-	4,857,094
Other liabilities	2,707,113	39,758	-	2,746,871
Total liabilities	39,571,402	9,421,404	(838,165)	48,154,641
Net assets				
Without donor restrictions	96,001,444	18,075,766	(17,505,671)	96,571,539
With donor restrictions	228,040,568	757,934	-	228,798,502
Total net assets	324,042,012	18,833,700	(17,505,671)	325,370,041
Total liabilities and net assets	$ 363,613,414	$ 28,255,104	$ (18,343,836)	$ 373,524,682

See accompanying notes to consolidated financial statements.

National Trust for Historic Preservation
and its Subsidiaries and Affiliates

Consolidating Statement of Activities

Year ended June 30, 2020	National Trust	Subsidiaries and affiliates	Eliminations	Total
Operating revenues, gains, and other support				
Contributions and grant income	$ 56,837,302	$ 1,348,557	$ (53,266)	$ 58,132,593
Investment income	11,464,418	170,733	1,138,842	12,773,993
Contract services	309,430	8,688,005	(266,094)	8,731,341
Admissions and special events	2,271,011	95,540	-	2,366,551
Program fees and other income	2,679,281	2,871,702	(321,274)	5,229,709
Total operating revenues, gains and other support	73,561,442	13,174,537	498,208	87,234,187
Operating expenses				
Program services				
Historic sites	20,400,694	4,378,621	-	24,779,315
Preservation services	13,067,080	7,115,392	(640,060)	19,542,412
Education, publications and membership	11,104,098	1,058,646	-	12,162,744
Total program services	44,571,872	12,552,659	(640,060)	56,484,471
Support services				
General and administration	7,411,851	2,807,494	-	10,219,345
Fundraising	4,943,929	-	-	4,943,929
Total support services	12,355,780	2,807,494	-	15,163,274
Total operating expenses	56,927,652	15,360,153	(640,060)	71,647,745
Excess (deficiency) of operating revenues, gains, and other support over (under) operating expenses	16,633,790	(2,185,616)	1,138,268	15,586,442
Nonoperating support				
Investment losses in excess of amounts designated for operations	(2,427,440)	(1,582,791)	492,183	(3,518,048)
Change in net assets before inter-organizational capital contributions and dividends	14,206,350	(3,768,407)	1,630,451	12,068,394
Inter-organizational capital contributions and dividends	-	(1,800,241)	1,800,241	-
Change in net assets before benefit from income taxes	14,206,350	(5,568,648)	3,430,692	12,068,394
Benefit from income taxes	-	1,755,509	-	1,755,509
Changes in net assets after benefit from income taxes	14,206,350	(3,813,139)	3,430,692	13,823,903
Net assets, beginning of year	309,835,662	22,646,839	(20,936,363)	311,546,138
Net assets, end of year	$ 324,042,012	$ 18,833,700	$ (17,505,671)	$ 325,370,041

See accompanying notes to consolidated financial statements.