

**HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)
FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Historic House Trust of New York City, Inc.

We have audited the accompanying financial statements of Historic House Trust of New York City, Inc. which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Historic House Trust of New York City, Inc. as of June 30, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Lederer, Levine & Associates, LLC

December 8, 2016

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 405,108	\$ 342,745
Investments	662,130	975,421
Contributions receivable	108,829	53,286
Government grants receivable - sole source contract		68,140
Prepaid expenses	<u>19,695</u>	<u>16,917</u>
TOTAL ASSETS	\$ <u>1,195,762</u>	\$ <u>1,456,509</u>
LIABILITIES		
Accounts payable	\$ 21,514	\$ 11,358
Accrued expenses	30,642	127,331
Deferred revenue	<u>15,573</u>	
TOTAL LIABILITIES	<u>67,729</u>	<u>138,689</u>
NET ASSETS		
Unrestricted	258,906	497,706
Temporarily restricted	417,627	389,114
Permanently restricted	<u>451,500</u>	<u>431,000</u>
TOTAL NET ASSETS	<u>1,128,033</u>	<u>1,317,820</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,195,762</u>	\$ <u>1,456,509</u>

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions:				
Foundations	\$ 48,300	\$ 110,500	\$	\$ 158,800
Government grants		3,432,087		3,432,087
Corporations	21,885			21,885
Individuals	45,383	9,674	20,500	75,557
Donated services, materials and facilities	556,712			556,712
Special events (net of expenses of \$84,211)	291,469	350		291,819
Memberships	10,475			10,475
Investment income	(28,841)	(24,101)		(52,942)
Miscellaneous income	12,229			12,229
Net assets released from restrictions	<u>3,499,997</u>	<u>(3,499,997)</u>		
Total Public Support and Revenue	<u>4,457,609</u>	<u>28,513</u>	<u>20,500</u>	<u>4,506,622</u>
Expenses:				
Program services	4,425,355			4,425,355
Management and general	123,556			123,556
Fundraising	<u>147,498</u>			<u>147,498</u>
Total Expenses	4,696,409			4,696,409
Change in Net Assets	(238,800)	28,513	20,500	(189,787)
Net assets, beginning of year	<u>497,706</u>	<u>389,114</u>	<u>431,000</u>	<u>1,317,820</u>
Net assets, end of year	<u>\$ 258,906</u>	<u>\$ 417,627</u>	<u>\$ 451,500</u>	<u>\$ 1,128,033</u>

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions:				
Foundations	\$ 59,446	\$ 61,204	\$	\$ 120,650
Government grants (Note 4)	19,500	375,619		395,119
Corporations	11,062	10,000		21,062
Individuals	56,216	4,750		60,966
Donated services, materials and facilities	509,258			509,258
Special events (net of expenses of \$78,195)	224,788			224,788
Memberships	8,700			8,700
Investment income	10,389	(1,767)		8,622
Net assets released from restrictions	<u>492,663</u>	<u>(492,663)</u>		
Total Public Support and Revenue	<u>1,392,022</u>	<u>(42,857)</u>		<u>1,349,165</u>
Expenses:				
Program services	1,334,537			1,334,537
Management and general	131,332			131,332
Fundraising	<u>149,649</u>			<u>149,649</u>
Total Expenses	<u>1,615,518</u>			<u>1,615,518</u>
Change in Net Assets	(223,496)	(42,857)		(266,353)
Net assets, beginning of year	<u>721,202</u>	<u>431,971</u>	<u>431,000</u>	<u>1,584,173</u>
Net assets, end of year	<u>\$ 497,706</u>	<u>\$ 389,114</u>	<u>\$ 431,000</u>	<u>\$ 1,317,820</u>

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and fringe benefits	\$ 709,653	\$ 31,770	\$ 67,511	\$ 808,934
Restoration	3,383,532			3,383,532
Administrative expenses	18,892	18,600	5,715	43,207
Insurance	55,790	7,707		63,497
Contribution for maintenance and management of the historic houses	153,474			153,474
Professional and consultant fees	37,581	56,358	53,909	147,848
Special events			93,883	93,883
Occupancy	48,373	7,562	8,865	64,800
Supplies	2,521	394	462	3,377
Travel and conferences	2,806	438	514	3,758
Telephone	4,406	689	806	5,901
Advertising	8,084			8,084
Membership fees	243	38	44	325
	<u>4,425,355</u>	<u>123,556</u>	<u>231,709</u>	<u>4,780,620</u>
Totals				
Less: expenses deducted directly from revenues on the statement of activities			84,211	84,211
Total Expenses	<u>\$ 4,425,355</u>	<u>\$ 123,556</u>	<u>\$ 147,498</u>	<u>\$ 4,696,409</u>

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and fringe benefits	\$ 627,167	\$ 63,511	\$ 119,083	\$ 809,761
Restoration	335,619			335,619
Administrative expenses	16,517	18,384	6,536	41,437
Insurance	54,382	6,022		60,404
Contribution for maintenance and management of the historic houses	200,867			200,867
Professional and consultant fees	64,376	41,670	17,510	123,556
Special events			81,317	81,317
Occupancy	14,862	929	1,809	17,600
Supplies	3,909	244	476	4,629
Travel and conferences	3,088	193	376	3,657
Telephone	5,656	354	689	6,699
Advertising	7,698			7,698
Membership fees	396	25	48	469
	<u>1,334,537</u>	<u>131,332</u>	<u>227,844</u>	<u>1,693,713</u>
Totals				
Less: expenses deducted directly from revenues on the statement of activities			<u>78,195</u>	<u>78,195</u>
Total Expenses	<u>\$ 1,334,537</u>	<u>\$ 131,332</u>	<u>\$ 149,649</u>	<u>\$ 1,615,518</u>

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ (189,787)	\$ (266,353)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized losses on investments	145,629	100,128
Realized gains on investments	(79,273)	(98,057)
Changes in operating assets and liabilities:		
Contributions receivable	(55,543)	(16,286)
Government grants receivable - sole source contract	68,140	(68,140)
Prepaid expenses	(2,778)	(495)
Accounts payable	10,156	(3,899)
Accrued expenses	(96,689)	86,485
Deferred revenue	15,573	
Net cash used by operating activities	(184,572)	(266,617)
Cash Flows From Investing Activities:		
Purchases of investments	(62,586)	(91,880)
Proceeds from sales of investments	309,521	178,596
Net cash provided by investing activities	246,935	86,716
Net increase (decrease) in cash and cash equivalents	62,363	(179,901)
Cash and cash equivalents, beginning of year	342,745	522,646
Cash and cash equivalents, end of year	\$ 405,108	\$ 342,745
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ -0-	\$ -0-

The accompanying notes are an integral part of these financial statements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 1 – Organization:

Historic House Trust of New York City, Inc. ("HHT") is a nonprofit organization that operates in tandem with the New York City Department of Parks & Recreation to aid in, and insure the preservation of, 23 city-owned historic properties located in parks in all five boroughs. We believe historic sites are not static antiquities – they are living institutions uniquely poised to address current issues while retaining their connections to the past. HHT is therefore dedicated to preserving our sites, protecting their collections, engaging diverse audiences, educating visitors and sustaining the nonprofit organizations that operate our houses.

HHT is incorporated in the State of New York as a nonprofit organization and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to HHT are tax deductible within the limits prescribed by such regulations.

Note 2 – Summary of significant accounting policies:

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. HHT places its temporary cash investments with high credit quality financial institutions. At times, such amounts may exceed Federally insured limits.

Contributions receivable

Contributions are recognized when the donor makes a gift to HHT that is, in substance, unconditional. Contributions receivable due in one year are recorded at their net realizable value. When material, contributions receivable due in more than one year are recorded at the present value of their net realizable value, using risk free interest rates to discount the amounts applicable to the years in which the contributions are received.

Investments

Investments are carried at fair value with gains and losses included in the statement of activities. Investments that are received as gifts are recorded at their fair value at the date of gift, which then becomes their cost.

Equipment

Equipment is recorded at cost or, if contributed, based upon an appraised value at date of contribution. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grant agreements with local governments are deemed to be exchange transactions and, accordingly, revenue is recognized in the period in which it is expended for the cost-reimbursed activity stipulated in the grant agreement.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)

Note 2 - Summary of significant accounting policies (continued):

Restrictions on net assets

Temporarily restricted net assets consist of purpose and time restricted contributions. Permanently restricted net assets consist of net assets restricted in perpetuity by the donor.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair value measurements

In accordance with US GAAP, HHT reports a fair value measurement of all applicable assets and liabilities.

Accounting for uncertainty in income taxes

HHT's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Subsequent events

HHT has evaluated subsequent events through December 8, 2016 which is the date the financial statements were available to be issued.

Note 3 - Contributions receivable:

Contributions receivable consist of the following:

Unconditional promises to be collected in:

	2016	2015
Less than one year	\$ 84,813	\$ 44,266
One year to five years	17,496	2,000
More than five years	6,520	7,020
	\$ 108,829	\$ 53,286

Note 4 – Government Grant – Sole Source Contract:

The City of New York (the "City"), a municipal corporation of the State of New York acting by and through the Commissioner of the Department of Parks & Recreation (the "Department"), and HHT entered into an agreement on July 12, 2007. Revenue under the agreement, which provides for reimbursements of up to a maximum of \$5,000,000, is earned as the restoration services are performed on eligible Trust sites. For the fiscal years ended June 30, 2016 and 2015 approximately \$1,445,640 and \$-0-, respectively, was earned by HHT. The original duration of the agreement was 1,095 consecutive calendar days from the commencement date. The expiration date of the agreement had been extended to June, 2011. Funding under the agreement that has been encumbered by the City remains available to reimburse expenditures for those projects specified in the agreement.

In June, 2011, HHT entered into an agreement with the City of New York for the restoration of eligible Trust sites. The maximum contract amount is \$5,000,000. The term of the contract is 1,095 consecutive calendar days from the commencement date. For the fiscal years ended June 30, 2016 and 2015, approximately \$1,937,891 and \$335,619, respectively, was earned by HHT.

In September, 2015 HHT entered into a new agreement with the City of New York for the restoration of eligible Trust sites. The maximum contract is \$10,000,000. The term of the contract is September 24, 2015 to September 24, 2020. For the fiscal year ended June 30, 2016, no restoration services were charged against the contact.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)

Note 5 – Donated services, materials and facilities:

For the fiscal years ended 2016 and 2015, the City of New York, Department of Parks & Recreation (the "Department") paid certain costs on behalf of HHT. The Department's cost is considered to be equivalent to the fair value of the donated services, materials and facilities.

Included in donated services, materials and facilities are the following at June 30:

	<u>2016</u>	<u>2015</u>
Salaries and fringe benefits	\$ 410,310	\$ 433,270
Computer equipment	4,132	
Office space (occupancy)	64,800	17,600
Maintenance of the historic houses	67,873	41,193
Professional fees	3,870	11,025
Telephone	5,155	5,800
Computer maintenance	<u>572</u>	<u>370</u>
	<u>\$ 556,712</u>	<u>\$ 509,258</u>

Note 6 – Investments:

Investments at fair market value consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Equity and fixed income mutual funds	<u>\$ 662,130</u>	<u>\$ 975,421</u>

Investment income consisted of the following for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 13,414	\$ 10,693
Unrealized losses	(145,629)	(100,128)
Realized gains	<u>79,273</u>	<u>98,057</u>
	<u>\$ (52,942)</u>	<u>\$ 8,622</u>

As stated in Note 2, HHT values its financial assets and liabilities in accordance with U.S. GAAP. As defined in U.S. GAAP, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, U.S. GAAP establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels.

The fair value of HHT's investments as of and for the years ended June 30, 2016 and 2015 were all measured using Level 1 inputs, which are valued at quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)

Note 7 – Restrictions on net assets:

Temporarily restricted net assets are restricted for the time and preservation and promotion of specific historic properties with which HHT is entrusted.

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Latimer Now and Dyckman Now	\$ 67,579	\$ -0-
Curatorial program	43,011	49,607
Dyckman Farmhouse Museum	12,312	12,312
Landmark Preservation program	53,210	53,923
Property management program	18,303	13,559
Five funds:		
Community engagement	29,857	27,857
Curatorial	-0-	-0-
Education and public programs	-0-	8,151
Emergency maintenance	58,927	65,177
Essential support	-0-	-0-
Promotion and marketing	5,000	5,000
Endowment fund earnings	<u>129,428</u>	<u>153,528</u>
	<u>\$ 417,627</u>	<u>\$ 389,114</u>

Permanently restricted net assets consist of permanent endowment funds, the income from which can be used to defray operating expenses.

Note 8 – Endowments

HHT classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by HHT in a manner consistent with the standard of prudence prescribed by applicable laws and regulations.

HHT has adopted the New York enacted version of the Uniform Prudent Management of Institutional funds Act, referred to as NYPMIFA, and HHT has interpreted New York State nonprofit law as requiring the preservation of the historical dollar value of the original donor restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary.

HHT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the various funds, (2) the purposes of HHT and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of HHT, and (7) HHT's investment policies.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)

Note 8 – Endowments (continued)

Endowment investment and spending policies

HHT has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. HHT's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, HHT relies on an investment policy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HHT targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters. HHT has a policy of appropriating for expenditure investment earnings as needed.

Changes in endowment net assets consist of the following for the years ended June 30, 2016 and 2015:

2016

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 153,528	\$ 431,000	\$ 584,528
Interest and dividends	5,608		5,608
Net depreciation	(29,708)		(29,708)
Contributions		<u>20,500</u>	<u>20,500</u>
Endowment net assets, June 30, 2016	<u>\$ 129,428</u>	<u>\$ 451,500</u>	<u>\$ 580,928</u>

2015

Endowment net assets, June 30, 2014	\$ 155,294	\$ 431,000	\$ 586,294
Interest and dividends	4,140		4,140
Net depreciation	(5,906)		(5,906)
Contributions			
Endowment net assets, June 30, 2015	<u>\$ 153,528</u>	<u>\$ 431,000</u>	<u>\$ 584,528</u>

Note 9 - Special events:

HHT conducts an annual fundraising award gala in which a portion of the gross proceeds paid by the participants represents the direct cost of the benefits received by the participants participating in the program. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of benefits provided to participants involved in this program is measured at the actual cost to HHT.

The following event was held during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Founders Award Gala – Gross Revenues	<u>\$ 376,030</u>	<u>\$ 302,983</u>

Note 10 – Cash or deferred profit sharing plan:

HHT has a cash or deferred profit sharing plan covering all employees who have completed six months of service, work at least 83.3 hours each month and are scheduled to work 1000 hours in a 12-month benefit period. The participants may contribute up to certain maximums set by the federal government each year, and HHT may match the contribution up to \$2,500 annually. Total expense for the years ended June 30, 2016 and 2015 was approximately \$1,960 and \$2,117, respectively.