

**HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, 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

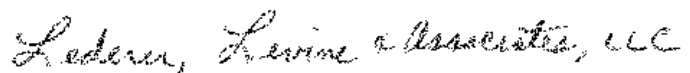
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Lederer, Levine & Associates, LLC

**STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 654,903	\$ 368,988
Contributions receivable	29,458	46,655
Investments	488,652	601,709
Prepaid expenses	<u>17,065</u>	<u>14,263</u>
TOTAL ASSETS	<u>\$ 1,190,078</u>	<u>\$ 1,031,615</u>
LIABILITIES		
Accounts payable	\$ 59,582	\$ 18,124
Accrued expenses	<u>28,531</u>	<u>23,813</u>
TOTAL LIABILITIES	<u>88,113</u>	<u>41,937</u>
NET ASSETS		
Unrestricted	291,513	169,926
Temporarily restricted	358,952	368,252
Permanently restricted	<u>451,500</u>	<u>451,500</u>
TOTAL NET ASSETS	<u>1,101,965</u>	<u>989,678</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,190,078</u>	<u>\$ 1,031,615</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Contributions:				
Foundations	\$ 17,820	\$ 30,000	\$	\$ 47,820
Government grants	3,500	472,851		476,351
Corporations	15,410			15,410
Individuals	94,269			94,269
Donated services, materials and facilities	746,256			746,256
Special event (net of expenses of \$79,306)	377,594			377,594
Memberships	14,000			14,000
Investment income	22,784	36,566		59,350
Miscellaneous income	41,638	10		41,648
Net assets released from restrictions	548,727	(548,727)		
Total Support and Revenue (Loss)	1,881,998	(9,300)		1,872,698
Expenses:				
Program services	1,432,450			1,432,450
Management and general	206,284			206,284
Fundraising	121,677			121,677
Total Expenses	1,760,411			1,760,411
Change in Net Assets	121,587	(9,300)		112,287
Net assets, beginning of year	169,926	368,252	451,500	989,678
Net assets, end of year	\$ 291,513	\$ 358,952	\$ 451,500	\$ 1,101,965

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Contributions:				
Foundations	\$ 35,750	\$	\$	\$ 35,750
Government grants	11,470	361,859		373,329
Corporations	21,225			21,225
Individuals	50,413	2,083		52,496
Donated services, materials and facilities	617,899			617,899
Special event (net of expenses of \$49,881)	195,739			195,739
Memberships	2,100			2,100
Investment income	39,932	55,195		95,127
Miscellaneous income	32,674			32,674
Net assets released from restrictions	468,512	(468,512)		
Total Support and Revenue (Loss)	1,475,714	(49,375)		1,426,339
 Expenses:				
Program services	1,201,986			1,201,986
Management and general	207,762			207,762
Fundraising	154,946			154,946
Total Expenses	1,564,694			1,564,694
 Change in Net Assets	(88,980)	(49,375)		(138,355)
Net assets, beginning of year	258,906	417,627	451,500	1,128,033
Net assets, end of year	\$ 169,926	\$ 368,252	\$ 451,500	\$ 989,678

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, 2018

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and related expenses	\$ 660,528	\$ 118,965	\$ 79,207	\$ 858,700
Restoration	472,851			472,851
Insurance	41,478	7,105		48,583
Contributions for maintenance and management of the historic houses	112,478			112,478
Professional and consultant fees	26,070	48,764	19,745	94,579
Special event			84,043	84,043
Occupancy	49,151	8,774	6,875	64,800
Supplies	1,825	327	256	2,408
Travel and conferences	1,848	329	258	2,435
Telephone	38,267	6,830	5,353	50,450
Administrative expenses	18,245	15,095	5,171	38,511
Advertising	9,175			9,175
Membership fees	534	95	75	704
Totals	<u>1,432,450</u>	<u>206,284</u>	<u>200,983</u>	<u>1,839,717</u>
Less: expenses deducted directly from revenues on the statement of activities			<u>79,306</u>	<u>79,306</u>
Total Expenses	<u>\$ 1,432,450</u>	<u>\$ 206,284</u>	<u>\$ 121,677</u>	<u>\$ 1,760,411</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, 2017

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and related expenses	\$ 574,932	\$ 101,002	\$ 101,001	\$ 776,935
Restoration	363,609			363,609
Insurance	45,495	7,139		52,634
Contributions for maintenance and management of the historic houses	107,906			107,906
Professional and consultant fees	41,539	68,942	23,034	133,515
Special event			61,062	61,062
Occupancy	42,211	11,476	11,113	64,800
Supplies	1,902	517	501	2,920
Travel and conferences	1,872	509	493	2,874
Telephone	3,844	1,045	1,011	5,900
Administrative expenses	10,904	17,014	6,498	34,416
Advertising	7,339			7,339
Membership fees	433	118	114	665
	<u>1,201,986</u>	<u>207,762</u>	<u>204,827</u>	<u>1,614,575</u>
Totals				
Less: expenses deducted directly from revenues on the statement of activities			49,881	49,881
			<u>49,881</u>	<u>49,881</u>
Total Expenses	\$ 1,201,986	\$ 207,762	\$ 154,946	\$ 1,564,694

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 112,287	\$ (138,355)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized losses (gains) on investments	3,324	(32,086)
Realized gains on investments	(50,018)	(55,418)
Changes in operating assets and liabilities:		
Contributions receivable	17,197	62,174
Prepaid expenses	(2,802)	5,432
Accounts payable	41,458	(3,390)
Accrued expenses	4,718	(6,829)
Deferred revenue		(15,573)
Net cash provided (used) by operating activities	<u>126,164</u>	<u>(184,045)</u>
Cash Flows From Investing Activities:		
Purchases of investments	(43,739)	(32,731)
Proceeds from sales of investments	203,490	180,656
Net cash provided by investing activities	<u>159,751</u>	<u>147,925</u>
Net increase (decrease) in cash and cash equivalents	285,915	(36,120)
Cash and cash equivalents, beginning of year	<u>368,988</u>	<u>405,108</u>
Cash and cash equivalents, end of year	<u>\$ 654,903</u>	<u>\$ 368,988</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ -0-</u>	<u>\$ -0-</u>

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, 2018 AND 2017

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. The majority of HHT’s support is derived from the City of New York (see Note 8), contributions and a special event.

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 an original 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

Contributions are recognized when the donor makes a gift to HHT that is, in substance, unconditional. 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. 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. 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 using risk free interest rates to discount the amounts applicable to the years in which the contributions are to be received.

Investments

Investments are carried at fair value with unrealized 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 estimated value at date of contribution. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

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

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 has adopted the provisions of the Financial Accounting Standards Board's ("FASB") ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Management has determined that there are no material uncertain tax provisions that require recognition or disclosure in the financial statements.

Subsequent events

HHT has evaluated subsequent events through November 15, 2018 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:

	2018	2017
Less than one year	\$ 25,938	\$ 40,635
One year to five years	3,520	6,020
	\$ 29,458	\$ 46,655

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 a number of agreements to provide funding for the restoration of eligible sites as follows:

On July 12, 2007, HHT entered into an agreement, which provides for reimbursements of up to a maximum of \$5,000,000. Revenue is earned as the restoration services are performed on eligible sites. 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 sites. The maximum contract amount is \$5,000,000. The term of the contract is 1,095 consecutive calendar days from the commencement date. Funding under the agreement that has been encumbered by the City remains available to reimburse expenditures for those projects specified in the agreement.

In September, 2015 HHT entered into a new agreement with the City of New York for the restoration of eligible sites. The maximum contract is \$10,000,000. The term of the contract is September 24, 2015 to September 24, 2020.

For the fiscal years ended June 30, 2018 and 2017, \$472,851 and \$355,659, respectively, was earned by HHT under these agreements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

Note 5 – Investments

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

	<u>2018</u>	<u>2017</u>
Mutual Funds – Equities	\$ 450,309	\$ 560,150
Mutual Funds – Alternative Investments		18,797
Mutual Funds – Fixed Income	32,470	15,016
Equities	<u>5,873</u>	<u>7,746</u>
	<u>\$ 488,652</u>	<u>\$ 601,709</u>

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 12,656	\$ 7,623
Unrealized (losses) gains	(3,324)	32,086
Realized gains	<u>50,018</u>	<u>55,418</u>
	<u>\$ 59,350</u>	<u>\$ 95,127</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, 2018 and 2017 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.

Note 6 – Donated services, materials and facilities

For the fiscal years ended 2018 and 2017, 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 for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Salaries and fringe benefits	\$ 592,098	\$ 500,212
Computer equipment	279	559
Office space (occupancy)	64,800	64,800
Maintenance of the historic houses	37,909	37,652
Professional fees		7,549
Telephone	50,450	5,900
Computer maintenance	<u>720</u>	<u>1,227</u>
	<u>\$ 746,256</u>	<u>\$ 617,899</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

Note 7 – Restrictions on net assets

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

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

	2018	2017
Latimer Now and Dyckman Now	\$ 7,212	\$ 9,388
Curatorial program	23,880	23,880
Dyckman Farmhouse Museum	-0-	-0-
Landmark Preservation program	49,614	49,604
Property management program	18,618	18,618
Five funds:		
Community engagement	-0-	29,837
Curatorial	-0-	-0-
Education and public programs	-0-	-0-
Emergency maintenance	23,440	47,302
Essential support	-0-	-0-
Program support	10,000	-0-
Promotion and marketing	5,000	5,000
Endowment fund earnings	<u>221,188</u>	<u>184,623</u>
	<u>\$ 358,952</u>	<u>\$ 368,252</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, 2018 AND 2017
(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, 2018 and 2017:

2018

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2017	\$ 184,623	\$ 451,500	\$ 636,123
Interest and dividends	8,629		8,629
Net appreciation	<u>27,936</u>		<u>27,936</u>
Endowment net assets, June 30, 2018	<u>\$ 221,188</u>	<u>\$ 451,500</u>	<u>\$ 672,688</u>

2017

Endowment net assets, June 30, 2016	\$ 129,428	\$ 451,500	\$ 580,928
Interest and dividends	4,835		4,835
Net appreciation	<u>50,360</u>		<u>50,360</u>
Endowment net assets, June 30, 2017	<u>\$ 184,623</u>	<u>\$ 451,500</u>	<u>\$ 636,123</u>

Note 9 - Special events

HHT conducts an annual fundraising gala in which a portion of the gross proceeds paid by the participants represents the fair value of the benefits received by the participants attending the event.

The following event was held during the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Founders Award Gala – Gross Revenues	<u>\$ 456,900</u>	<u>\$ 245,620</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, 2018 and 2017 was approximately \$1,598 and \$2,011, respectively.