

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020 and 2019, 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.

Auditors' 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Historic House Trust of New York City, Inc. adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08. Our opinion is not modified with respect to this matter.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAS, P.C.

White Plains, New York
January 25, 2021

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 402,836	\$ 473,638
Contributions receivable	108,864	138,001
Investments	850,754	783,804
Prepaid expenses	<u>2,733</u>	<u>23,116</u>
TOTAL ASSETS	<u>\$ 1,365,187</u>	<u>\$ 1,418,559</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 2,197	\$ 22,478
Accrued expenses	38,813	27,231
Paycheck Protection Plan loan payable	<u>76,250</u>	<u>-</u>
TOTAL LIABILITIES	<u>117,260</u>	<u>49,709</u>
Net Assets:		
Without donor restrictions	<u>329,509</u>	<u>401,874</u>
With donor restrictions:		
Purpose restricted	253,492	285,397
Endowments	<u>664,926</u>	<u>681,579</u>
Total with donor restrictions	<u>918,418</u>	<u>966,976</u>
TOTAL NET ASSETS	<u>1,247,927</u>	<u>1,368,850</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,365,187</u>	<u>\$ 1,418,559</u>

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

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019				
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
	Purpose Restricted	Endowments		Purpose Restricted	Endowments			
PUBLIC SUPPORT AND REVENUE - OPERATING								
Contributions:								
Foundations	\$ 11,962	\$ 40,038	\$ -	\$ 52,000	\$ 27,000	\$ 134,000	\$ -	\$ 161,000
Government grants	34,250	-	-	34,250	15,500	37,500	-	53,000
Corporations	12,500	-	-	12,500	11,500	-	-	11,500
Individuals	326,886	1,936	-	328,822	80,249	3,038	-	83,287
Donated services, materials and facilities	794,528	-	-	794,528	850,311	-	-	850,311
Special event (net of expenses of \$73,885 for 2019)	-	-	-	-	375,380	-	-	375,380
Memberships	15,720	-	-	15,720	16,800	-	-	16,800
Miscellaneous income	49,163	-	-	49,163	63,296	-	-	63,296
Net assets released from restrictions	73,879	(73,879)	-	-	26,905	(26,905)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE - OPERATING	1,318,888	(31,905)	-	1,286,983	1,466,941	147,633	-	1,614,574
EXPENSES - OPERATING								
Program services	862,003	-	-	862,003	953,772	-	-	953,772
Supporting services:								
Management and general	244,310	-	-	244,310	245,766	-	-	245,766
Fundraising	224,094	-	-	224,094	145,171	-	-	145,171
TOTAL EXPENSES - OPERATING	1,330,407	-	-	1,330,407	1,344,709	-	-	1,344,709
CHANGE IN NET ASSETS - OPERATIONS	(11,519)	(31,905)	-	(43,424)	122,232	147,633	-	269,865
NONOPERATING ACTIVITIES								
Investment (loss) income	(10,846)	-	(16,653)	(27,499)	(758)	-	8,891	8,133
Government grants - sole source	80,187	-	-	80,187	-	1,389,421	-	1,389,421
Restoration expense	(80,187)	-	-	(80,187)	(1,389,421)	-	-	(1,389,421)
Contribution expense - historic sites	(50,000)	-	-	(50,000)	(11,113)	-	-	(11,113)
Net assets released from restrictions	-	-	-	-	1,389,421	(1,389,421)	-	-
TOTAL NONOPERATING ACTIVITIES	(60,846)	-	(16,653)	(77,499)	(11,871)	-	8,891	(2,980)
CHANGE IN NET ASSETS	(72,365)	(31,905)	(16,653)	(120,923)	110,361	147,633	8,891	266,885
NET ASSETS, BEGINNING OF YEAR	401,874	285,397	681,579	1,368,850	291,513	137,764	672,688	1,101,965
NET ASSETS, END OF YEAR	\$ 329,509	\$ 253,492	\$ 664,926	\$ 1,247,927	\$ 401,874	\$ 285,397	\$ 681,579	\$ 1,368,850

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

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019				
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Cost of Direct Benefits of Special Events	Total
	Management and General	Fundraising			Management and General	Fundraising			
Salaries and related expenses	\$ 625,951	\$ 139,472	\$ 167,615	\$ 933,038	\$ 769,325	\$ 159,091	\$ 108,967	\$ -	\$ 1,037,383
Restoration	80,187	-	-	80,187	1,389,421	-	-	-	1,389,421
Insurance	37,608	6,965	-	44,573	44,404	7,418	-	-	51,822
Contributions for maintenance and management of the historic sites	166,908	-	-	166,908	72,852	-	-	-	72,852
Professional and consultant fees	14,348	68,956	16,633	99,937	3,565	50,623	17,115	-	71,303
Special event	12,688	5,026	8,979	26,693	-	-	4,028	73,885	77,913
Occupancy	27,391	14,243	23,166	64,800	42,528	14,308	7,964	-	64,800
Supplies	1,126	585	952	2,663	3,848	1,295	721	-	5,864
Travel and conferences	395	205	333	933	5,907	1,987	1,106	-	9,000
Telephone	2,632	1,369	2,227	6,228	3,356	1,129	630	-	5,115
Administrative expenses	4,231	6,525	2,621	13,377	7,790	8,171	3,669	-	19,630
Advertising	16,871	-	-	16,871	6,126	-	-	-	6,126
Membership fees	1,854	964	1,568	4,386	5,184	1,744	971	-	7,899
	992,190	244,310	224,094	1,460,594	2,354,306	245,766	145,171	73,885	2,819,128
Less: Expenses deducted directly from revenues on the statements of activities	130,187	-	-	130,187	1,400,534	-	-	73,885	1,474,419
Total Expenses	<u>\$ 862,003</u>	<u>\$ 244,310</u>	<u>\$ 224,094</u>	<u>\$ 1,330,407</u>	<u>\$ 953,772</u>	<u>\$ 245,766</u>	<u>\$ 145,171</u>	<u>\$ -</u>	<u>\$ 1,344,709</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (120,923)	\$ 266,885
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized losses on investments	85,118	90,669
Realized gains on investments	(42,569)	(88,403)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	29,137	(108,543)
Prepaid expenses	20,383	(6,051)
(Decrease) increase in liabilities:		
Accounts payable	(20,281)	(37,104)
Accrued expenses	11,582	(1,300)
	(37,553)	116,153
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(391,471)	(785,119)
Proceeds from sales of investments	281,972	487,701
	(109,499)	(297,418)
Cash Flows From Financing Activities:		
Proceeds from Payroll Protection Plan loan payable	76,250	-
	76,250	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(70,802)	(181,265)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	473,638	654,903
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 402,836	\$ 473,638

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, 2020 AND 2019

Note 1 - Organization and Nature of Activities

Historic House Trust of New York City, Inc. ("HHT"), in partnership with NYC Parks, advocates for, promotes, and provides expertise to preserve 23 publicly-owned historic sites located throughout the City's five boroughs.

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. The majority of HHT's support is derived from the City of New York (see Notes 7 and 8), contributions and a special event.

Note 2 - Summary of Significant Accounting Policies

Adoption of ASU No. 2018-08

Effective July 1, 2019, HHT adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), on a modified prospective basis. This ASU provides for guidance to assist HHT in evaluating the transfer of assets and the nature of the related transactions. HHT considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

The standard amends the simultaneous release accounting policy to allow a not-for-profit to elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions. This election is disclosed in the Note 2 "Contributions" section.

The adoption of this ASU resulted in changes in the notes to the financial statements.

Basis of Accounting

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 U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

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.

Allowance for Doubtful Accounts

HHT determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. HHT has not recorded an allowance for doubtful accounts for contributions receivable at June 30, 2020 and 2019.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB Accounting Standards Codification ("ASC"). Investment income includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Dividends and interest income are recognized when earned and realized gains or losses are recognized upon the sale of the security using the trade-date basis. Investment income is reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value of Financial Instruments

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. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting HHT's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments (cont'd.)

Refer to Note 5 - Fair Value Measurements for assets measured at fair value.

Net Assets

HHT's net asset classifications are reported as follows:

Without Donor Restrictions:

Net assets without donor restrictions represent those resources that have no donor restrictions as to their use.

With Donor Restrictions:

Purpose Restricted

Purpose restricted net assets represent those resources that have been restricted by donors to specific purposes. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor and/or explicit appropriation by the members of the board of directors.

Endowments

Endowment restricted net assets represent resources that have donor-imposed restrictions that require the principal to be maintained in perpetuity, the income from which is expendable to support operations.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to HHT either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on HHT overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
To be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Contributions received and unconditional promises to give are recorded as public support at fair value in the period received and are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. HHT records contributions as donor restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions.

When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same fiscal year are reflected as net assets without donor restrictions.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Donated Services, Materials and Facilities

In addition to receiving cash contributions, HHT receives in-kind contributions of services, material and facilities from the Department of Parks and Recreation (the "Department"). It is the policy of HHT to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount.

Special Events

HHT conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statement of activities. The cost of the direct benefit to donors that the participant receives at such events is presented on the statement of activities to result in net special events revenue. All other expenses related to special events are allocated to fundraising expense.

Government Grants

Support funded by grants is recognized as HHT meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. As the conditions are met, HHT simultaneously releases the government grants and they are reflected as net assets without donor restrictions. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional Reporting of Expenses

The costs of providing HHT's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Restoration expenses and contributions for maintenance and management of the historic houses are directly charged to program services. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

Advertising

Advertising costs are expensed as incurred.

Nonoperating Activities

HHT considers its investment (loss) income, government grants - sole source, restoration expense and contribution expense - historic sites to be nonoperating.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Uncertainty in Income Taxes

HHT applies the provisions pertaining to uncertain tax (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. HHT is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. HHT believes it is no longer subject to income tax examinations for years prior to 2017.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year's presentation and had no effect to the opening net assets.

New Accounting Pronouncements

ASU No. 2020-07

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

The amendments of ASU No. 2020-07 are effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application is permitted for all entities.

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2014-09 (cont'd.)

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For HHT, this ASU will be applicable for its fiscal year ending June 30, 2021.

HHT has not yet determined if these ASUs will have a material effect on its financial statements.

Note 3 - Available Resources and Liquidity

The following reflects HHT's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 402,836	\$ 473,638
Contributions receivable	108,864	138,001
Investments	850,754	783,804
Total financial assets	<u>1,362,454</u>	<u>1,395,443</u>
Contractual or donor-imposed restrictions:		
Purpose restricted	(253,492)	(285,397)
Endowments	<u>(664,926)</u>	<u>(681,579)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 444,036</u>	<u>\$ 428,467</u>

HHT regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. HHT has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

Note 4 - Contributions Receivable

Contributions receivable consists of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 108,864	\$ 132,981
One to five years	-	5,020
	\$ 108,864	\$ 138,001

Note 5 - Fair Value Measurements

HHT measures its marketable securities at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect HHT's own assumptions of market participant valuation (unobservable inputs).

Investments in mutual funds, exchange traded funds and equities are valued using market prices on active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Items Measured at Fair Value on a Recurring Basis

The following table presents HHT's assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019:

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Mutual Funds - Equities based	\$ 507,862	\$ -	\$ -	\$ 507,862
Exchange Traded Funds	339,241	-	-	339,241
Equities	3,651	-	-	3,651
	\$ 850,754	\$ -	\$ -	\$ 850,754

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 5 - Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis (cont'd.)

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Mutual Funds - Equities based	\$ 635,228	\$ -	\$ -	\$ 635,228
Mutual Funds - Fixed Income based	142,671	-	-	142,671
Equities	5,905	-	-	5,905
	\$ 783,804	\$ -	\$ -	\$ 783,804

Investment (loss) income consists of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 16,967	\$ 11,800
Unrealized losses on investments	(85,118)	(90,669)
Realized gains on investments	42,569	88,403
	(25,582)	9,534
Less: Investment fees	1,917	1,401
	\$ (27,499)	\$ 8,133

Note 6 - Paycheck Protection Program Loan Payable

In May 2020, HHT entered into a \$76,250 loan agreement with a financial institution under the Paycheck Protection Program, established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, administered by the Small Business Administration ("SBA") with support from the Department of the Treasury. HHT will primarily be utilizing the Paycheck Protection Program loan for payroll costs and anticipates that a portion, if not all, of the loan may be forgiven. Monthly installments of \$4,288, including interest at 1% per annum, were due to begin in November 2020; however under recently issued SBA guidance, there is an additional ten-month window during which HHT does not have to make any repayments and can submit its application for forgiveness. As a result, payments are not required until October 2021, resulting in monthly payments of \$9,695. The loan is unsecured and matures in May 2022.

Principal payments on the loan are as follows:

Years Ending June 30:

2021	\$ -
2022	76,250
	\$ 76,250

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 7 - 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 and HHT entered into a number of agreements to provide funding for the restoration of eligible sites as follows:

In June 2011, HHT entered into an agreement with the City for the restoration of eligible sites. The maximum contract amount is \$5,000,000. The term of the contract was 1,095 consecutive calendar days from the commencement date. The term of this contract has ended. However, this contract is currently being amended to make a payment of \$15,000 owed for retainage for restoration on one of HHT's eligible sites.

In September 2015, HHT entered into a new agreement with the City for the restoration of eligible sites. The current maximum of this contract is \$10,000,000. However, this contract's maximum is currently in the process of being increased to \$20,000,000. The term of the contract is September 24, 2015 to September 24, 2020, and is currently in the process of being extended.

For the fiscal years ended June 30, 2020 and 2019, \$80,187 and \$1,389,421, respectively, was earned by HHT under these agreements.

Note 8 - Donated Services, Materials and Facilities

For the fiscal years ended 2020 and 2019, the City and 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Salaries and fringe benefits	\$ 582,810	\$ 717,763
Computer equipment	231	347
Office space (occupancy)	64,800	64,800
Maintenance of the historic sites	116,607	60,961
Telephone	6,228	5,115
Computer maintenance	2,076	1,325
	<u>\$ 772,752</u>	<u>\$ 850,311</u>

In addition, in 2020, HHT was named a defendant in a lawsuit and received donated legal services of \$21,776. It is the opinion of management that the lawsuit will not have an adverse effect on the financial statements.

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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. Due to COVID-19 (see Note 13), HHT did not hold a gala in 2020 but instead had a special appeal that raised \$250,815, which is included in contributions on the statement of activities.

The following event was held during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Founders Award Gala - Gross Revenues	\$ -	\$ 449,265

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	Purpose Restricted	Endowments	Purpose Restricted	Endowments
Curatorial program	\$ 23,880	\$ -	\$ 23,880	\$ -
Landmark Preservation program	49,614	-	49,614	-
Property management program	18,270	-	18,270	-
Emergency maintenance	23,440	-	23,440	-
Program support	133,288	-	165,193	-
Promotion and marketing	5,000	-	5,000	-
Endowment fund	-	664,926	-	681,579
	<u>\$ 253,492</u>	<u>\$ 664,926</u>	<u>\$ 285,397</u>	<u>\$ 681,579</u>

Purpose restricted and endowment fund net assets were released from restrictions in 2020 and 2019 by incurring expenses satisfying the following:

	<u>2020</u>	<u>2019</u>
Latimer Now and Dyckman	\$ -	\$ 7,212
Property management program	-	347
Program support	73,879	1,408,767
	<u>\$ 73,879</u>	<u>\$ 1,416,326</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.
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Note 11 - Endowments

General

HHT's endowments consist of a donor-restricted fund established primarily to provide long-term support for its charitable programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

HHT interprets the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, HHT classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

Return Objectives, Strategies Employed and Spending Policy

It is HHT's policy that any remaining portion of the donor-restricted endowment funds, if any, that is not classified in net assets with donor restrictions is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. The amounts appropriated for expenditure represent amounts that were spent within the year in satisfying the purpose restriction.

HHT has considered the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. Duration of the fund
2. General purposes of the organization and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the organization
7. Investment policy of the organization

Annually, the Audit & Finance Committee will make a recommendation to the board of directors regarding the decision to take a 5% distribution from the endowment, and for what purpose these funds shall be used. If approved by the board of directors, the distribution shall be taken from investment income from the permanently restricted endowment fund and will be calculated based upon a three-year average as of June 30th each year. HHT did not make an appropriation for the years ended June 30, 2020 and 2019.

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Note 11 - Endowments (cont'd.)

Funds with Deficiencies

HHT does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at June 30, 2020 and 2019:

	2020		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowments	\$ 213,426	\$ 451,500	\$ 664,926
	2019		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowments	\$ 230,079	\$ 451,500	\$ 681,579

Changes in Endowment Net Assets for the Years Ended June 30, 2020 and 2019:

	2020 With Donor Restrictions		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowment net assets, beginning of year	\$ 230,079	\$ 451,500	\$ 681,579
Investment loss, net	(16,653)	-	(16,653)
Endowment net assets, end of year	\$ 213,426	\$ 451,500	\$ 664,926
	2019 With Donor Restrictions		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowment net assets, beginning of year	\$ 221,188	\$ 451,500	\$ 672,688
Investment income, net	8,891	-	8,891
Endowment net assets, end of year	\$ 230,079	\$ 451,500	\$ 681,579

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Note 12 - 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 1,000 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. HHT did not make a match in 2020 and the total expense was \$1,184 for the year ended June 30, 2019.

Note 13 - Contingencies

As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the generation of contributions, investment income, attendance at special events and collections of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

Note 14 - Subsequent Events

HHT has evaluated all events or transactions that occurred after June 30, 2020 through January 25, 2021, which is the date that these financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.