

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

Financial Statements
with Independent Auditor's Report

JUNE 30, 2021 AND 2020

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

JUNE 30, 2021

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INDEPENDENT AUDITOR'S 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 statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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

**To the Board of Directors of
Historic House Trust of New York City, Inc.
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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, 2021, 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.

Prior Period Financial Statements

The financial statements of Historic House Trust of New York City, Inc. as of June 30, 2020, were audited by other auditors whose report dated January 25, 2021, expressed an unmodified opinion on those financial statements.

Galleras Robinson CPAs, LLP

New York, New York
December 15, 2021

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 338,826	\$ 402,836
Contributions receivable	63,770	108,864
Investments	1,132,468	850,754
Prepaid expenses	<u>2,308</u>	<u>2,733</u>
Total Assets	<u>\$ 1,537,372</u>	<u>\$ 1,365,187</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,812	\$ 2,197
Accrued expenses	35,105	38,813
Paycheck Protection Plan loan payable	<u>64,862</u>	<u>76,250</u>
Total Liabilities	<u>104,779</u>	<u>117,260</u>
Net Assets		
Without donor restrictions	388,210	329,509
With donor restrictions:		
Purpose restricted	229,877	253,492
Endowments	<u>814,506</u>	<u>664,926</u>
Total Net Assets	<u>1,432,593</u>	<u>1,247,927</u>
Total Liabilities and Net Assets	<u>\$ 1,537,372</u>	<u>\$ 1,365,187</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	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	\$ 6,000	\$ 53,000	\$ -	\$ 59,000	\$ 11,962	\$ 40,038	\$ -	\$ 52,000
Government grants	96,250	-	-	96,250	34,250	-	-	34,250
Corporations	12,600	-	-	12,600	12,500	-	-	12,500
Individuals	62,643	-	-	62,643	326,886	1,936	-	328,822
Donated services, materials and facilities	757,071	-	-	757,071	794,528	-	-	794,528
Special event (net of expenses of \$46,468 for 2021)	259,142	14,000	-	273,142	-	-	-	-
Memberships	14,940	-	-	14,940	15,720	-	-	15,720
Miscellaneous income	15,692	-	-	15,692	49,163	-	-	49,163
Net assets released from restrictions	90,615	(90,615)	-	-	73,879	(73,879)	-	-
Total Public Support and Revenue - Operating	<u>1,314,953</u>	<u>(23,615)</u>	<u>-</u>	<u>1,291,338</u>	<u>1,318,888</u>	<u>(31,905)</u>	<u>-</u>	<u>1,286,983</u>
EXPENSES - OPERATING								
Program services	833,305	-	-	833,305	862,003	-	-	862,003
Supporting services:								
Management and general	205,395	-	-	205,395	244,310	-	-	244,310
Fundraising	215,026	-	-	215,026	224,094	-	-	224,094
Total Expenses - Operating	<u>1,253,726</u>	<u>-</u>	<u>-</u>	<u>1,253,726</u>	<u>1,330,407</u>	<u>-</u>	<u>-</u>	<u>1,330,407</u>
CHANGE IN NET ASSETS - OPERATIONS	<u>61,227</u>	<u>(23,615)</u>	<u>-</u>	<u>37,612</u>	<u>(11,519)</u>	<u>(31,905)</u>	<u>-</u>	<u>(43,424)</u>
NONOPERATING ACTIVITIES								
Investment (loss) income	87,474	-	149,580	237,054	(10,846)	-	(16,653)	(27,499)
Government grants - sole source	493,041	-	-	493,041	80,187	-	-	80,187
Restoration expense	(493,041)	-	-	(493,041)	(80,187)	-	-	(80,187)
Contribution expense - historic sites	(90,000)	-	-	(90,000)	(50,000)	-	-	(50,000)
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total Nonoperating Activities	<u>(2,526)</u>	<u>-</u>	<u>149,580</u>	<u>147,054</u>	<u>(60,846)</u>	<u>-</u>	<u>(16,653)</u>	<u>(77,499)</u>
CHANGE IN NET ASSETS	<u>58,701</u>	<u>(23,615)</u>	<u>149,580</u>	<u>184,666</u>	<u>(72,365)</u>	<u>(31,905)</u>	<u>(16,653)</u>	<u>(120,923)</u>
NET ASSETS, BEGINNING OF YEAR	<u>329,509</u>	<u>253,492</u>	<u>664,926</u>	<u>1,247,927</u>	<u>401,874</u>	<u>285,397</u>	<u>681,579</u>	<u>1,368,850</u>
NET ASSETS, END OF YEAR	<u>\$ 388,210</u>	<u>\$ 229,877</u>	<u>\$ 814,506</u>	<u>\$ 1,432,593</u>	<u>\$ 329,509</u>	<u>\$ 253,492</u>	<u>\$ 664,926</u>	<u>\$ 1,247,927</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 643,970	\$ 134,905	\$ 144,571	\$ 923,446	\$ 625,951	\$ 139,472	\$ 167,615	\$ 933,038
Restoration	493,041	-	-	493,041	80,187	-	-	80,187
Insurance	15,067	5,946	-	21,013	37,608	6,965	-	44,573
Contributions for maintenance and management of the historic sites	195,779	-	-	195,779	166,908	-	-	166,908
Professional and consultant fees	-	43,518	35,669	79,187	14,348	68,956	16,633	99,937
Special event	8,827	1,857	60,232	70,916	12,688	5,026	8,979	26,693
Occupancy	34,830	14,175	15,795	64,800	27,391	14,243	23,166	64,800
Supplies	407	211	344	962	1,126	585	952	2,663
Travel and conferences	-	-	-	-	395	205	333	933
Telephone	1,932	1,004	1,633	4,569	2,632	1,369	2,227	6,228
Administrative expenses	5,732	3,403	2,639	11,774	4,231	6,525	2,621	13,377
Advertising	16,038	-	-	16,038	16,871	-	-	16,871
Membership fees	723	376	611	1,710	1,854	964	1,568	4,386
Total expenses	1,416,346	205,395	261,494	1,883,235	992,190	244,310	224,094	1,460,594
Less:								
Special event expenses	-	-	46,468	46,468	-	-	-	-
Nonoperating expenses	583,041	-	-	583,041	130,187	-	-	130,187
Total Operating Expenses	\$ 833,305	\$ 205,395	\$ 215,026	\$ 1,253,726	\$ 862,003	\$ 244,310	\$ 224,094	\$ 1,330,407

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 184,666	\$ (120,923)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized losses on investments	(214,800)	85,118
Realized gains on investments	(11,943)	(42,569)
Conversion of loan payable to income	(76,250)	-
Changes in operating assets and liabilities:		
Decrease in assets:		
Contributions receivable	45,094	29,137
Prepaid expenses	425	20,383
(Decrease) increase in liabilities:		
Accounts payable	2,615	(20,281)
Accrued expenses	(3,708)	11,582
Net Cash Used in Operating Activities	<u>(73,901)</u>	<u>(37,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(310,944)	(391,471)
Proceeds from sales of investments	<u>255,973</u>	<u>281,972</u>
Net cash used in investing activities	<u>(54,971)</u>	<u>(109,499)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Payroll Protection Plan loan payable	<u>64,862</u>	<u>76,250</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(64,010)	(70,802)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>402,836</u>	<u>473,638</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 338,826</u>	<u>\$ 402,836</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Pronouncements Adopted

ASU No. 2014-09

Effective January 1, 2020, the Institute adopted the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) using a modified retrospective method of adoption to all contracts with customers. ASU 2014-09 requires the Institute to recognize revenue that reflects the provision of services in amounts of the consideration to which the Institute expects to be entitled in exchange for those services. The amount to which the Institute expects to be entitled in exchange for those services is calculated as the transaction price and recorded as revenue in exchange for providing the services.

The adoption of this ASU did not impact the Organization’s June 30, 2020 net asset balances.

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.

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. HHT has not recorded an allowance for doubtful accounts for contributions receivable at June 30, 2021 and 2020.

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.

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

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<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
Expected 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 – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 2018.

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. AVAILABLE RESOURCES AND LIQUIDITY

The following reflects HHT's financial assets as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 338,826	\$ 402,836
Contributions receivable	63,770	108,864
Investments	<u>1,132,468</u>	<u>850,754</u>
Total financial assets	1,535,064	1,362,454
Contractual or donor-imposed restrictions:		
Purpose restricted	(253,492)	(253,492)
Endowments	<u>(823,800)</u>	<u>(664,926)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 457,772</u>	<u>\$ 444,036</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.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Due within one year	<u>\$ 63,770</u>	<u>\$ 108,864</u>

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

5. FAIR VALUE MEASUREMENTS - CONTINUED

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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds - Equities based	\$ 692,939	\$ -	\$ -	\$ 692,939
Exchange Traded Funds	434,295	-	-	434,295
Equities	5,234	-	-	5,234
	<u>\$ 1,132,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,468</u>
	2020			
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds - Equities based	\$ 507,862	\$ -	\$ -	\$ 507,862
Mutual Funds - Fixed Income based	339,241	-	-	339,241
Equities	3,651	-	-	3,651
	<u>\$ 850,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,754</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

5. FAIR VALUE MEASUREMENTS - CONTINUED

Investment income (loss) consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 13,706	\$ 16,967
Unrealized gains (losses) on investments	214,800	(85,118)
Realized gains on investments	<u>11,943</u>	<u>42,569</u>
	240,449	(25,582)
Less: Investment fees	<u>3,395</u>	<u>1,917</u>
	<u>\$ 237,054</u>	<u>\$ (27,499)</u>

6. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In March 2021, HHT entered into a \$64,682 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 approximately \$1,441 (plus interest at 1% per annum), are due to begin in July 2022. The loan is unsecured and matures in May 2026.

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, 2021 and 2020, \$493,041 and \$80,187, respectively, was earned by HHT under these agreements.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

8. DONATED SERVICES, MATERIALS AND FACILITIES

For the fiscal years ended 2021 and 2020, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Salaries and fringe benefits	\$ 583,486	\$ 582,810
Computer equipment	116	231
Office space (occupancy)	64,800	64,800
Maintenance of the historic sites	102,987	116,607
Telephone	4,569	6,228
Computer maintenance	<u>1,113</u>	<u>2,076</u>
	<u>\$ 757,071</u>	<u>\$ 772,752</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.

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. In 2021, a virtual gala was held.

The following event was held during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Founders Award Gala - Gross Revenues	<u>\$ 319,610</u>	<u>\$ -</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021		2020	
	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	109,673		133,288	-
Promotion and marketing	5,000		5,000	-
Endowment fund	-	814,506	-	664,926
	\$ 229,877	\$ 814,506	\$ 253,492	\$ 664,926

Purpose restricted and endowment fund net assets were released from restrictions in 2021 and 2020 by incurring expenses satisfying the following:

	2021	2020
Program support	\$ 90,615	\$ 73,879

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. 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, 2021 and 2020.

Funds with Deficiencies

HHT does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at June 30, 2021 and 2020:

	2021		
	Unspent		
	Accumulated	Original	
	Earnings	Donor Gifts	Total
Endowments	<u>\$ 363,006</u>	<u>\$ 451,500</u>	<u>\$ 814,506</u>
	2020		
	Unspent		
	Accumulated	Original	
	Earnings	Donor Gifts	Total
Endowments	<u>\$ 213,426</u>	<u>\$ 451,500</u>	<u>\$ 664,926</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. ENDOWMENTS - CONTINUED

Funds with Deficiencies - Continued

Changes in Endowment Net Assets for the Years Ended June 30, 2021 and 2020:

	2021		
	With Donor Restrictions		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowment net assets, beginning of year	\$ 213,426	\$ 451,500	\$ 664,926
Investment income, net	<u>149,580</u>	<u>-</u>	<u>149,580</u>
Endowment net assets, end of year	<u>\$ 363,006</u>	<u>\$ 451,500</u>	<u>\$ 814,506</u>

	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	<u>(16,653)</u>	<u>-</u>	<u>(16,653)</u>
Endowment net assets, end of year	<u>\$ 213,426</u>	<u>\$ 451,500</u>	<u>\$ 664,926</u>

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 contribution in 2021 and 2020, respectively.

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

14. SUBSEQUENT EVENTS

HHT has evaluated all events or transactions that occurred after June 30, 2021 through December 15, 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.