

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

Financial Statements
with Independent Auditor's Report

June 30, 2022 and 2021

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

JUNE 30, 2022 AND 2021

TABLE OF CONTENTS	Page
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Historic House Trust of New York City, Inc. ("HHT"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HHT as of June 30, 2022 and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HHT and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HHT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HHT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HHT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Galleras Robinson CPAs, LLP

New York, New York
November 10, 2022

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 215,124	\$ 338,826
Contributions receivable	52,354	63,770
Investments	1,006,619	1,132,468
Prepaid expenses	<u>744</u>	<u>2,308</u>
Total Assets	<u>\$ 1,274,841</u>	<u>\$ 1,537,372</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 32,083	\$ 4,812
Accrued expenses	30,753	35,105
Loan payable	<u>-</u>	<u>64,862</u>
Total Liabilities	<u>62,836</u>	<u>104,779</u>
Net Assets		
Without donor restrictions:		
Operating	393,512	388,210
With donor restrictions:		
Purpose restricted	91,801	229,877
Endowments	<u>726,692</u>	<u>814,506</u>
Total Net Assets	<u>1,212,005</u>	<u>1,432,593</u>
Total Liabilities and Net Assets	<u>\$ 1,274,841</u>	<u>\$ 1,537,372</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Without Donor Restrictions	With Donor Restrictions			Without Donor Restrictions	With Donor Restrictions		
		Purpose Restricted	Endowments	Total		Purpose Restricted	Endowments	Total
OPERATING SUPPORT AND REVENUE								
Contributions:								
Foundations	\$ 25,312	\$ 11,175	\$ -	\$ 36,487	\$ 6,000	\$ 53,000	\$ -	\$ 59,000
Government grants	225,596	-	-	225,596	96,250	-	-	96,250
Corporations	12,750	-	-	12,750	12,600	-	-	12,600
Individuals	72,377	-	-	72,377	62,643	-	-	62,643
Donated services, materials and facilities	889,394	-	-	889,394	757,071	-	-	757,071
Special event (net of expenses of \$113,110 and \$46,468 for 2022 and 2021)	260,776	-	-	260,776	259,142	14,000	-	273,142
Memberships	15,831	-	-	15,831	14,940	-	-	14,940
Miscellaneous income	16,319	-	-	16,319	15,692	-	-	15,692
Net assets released from restrictions	149,251	(149,251)	-	-	90,615	(90,615)	-	-
Total Operating Support and Revenue	<u>1,667,606</u>	<u>(138,076)</u>	<u>-</u>	<u>1,529,530</u>	<u>1,314,953</u>	<u>(23,615)</u>	<u>-</u>	<u>1,291,338</u>
OPERATING EXPENSES								
Program services	1,097,439	-	-	1,097,439	833,305	-	-	833,305
Management and general	169,924	-	-	169,924	205,395	-	-	205,395
Fundraising	187,913	-	-	187,913	215,026	-	-	215,026
Total Operating Expenses	<u>1,455,276</u>	<u>-</u>	<u>-</u>	<u>1,455,276</u>	<u>1,253,726</u>	<u>-</u>	<u>-</u>	<u>1,253,726</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>212,330</u>	<u>(138,076)</u>	<u>-</u>	<u>74,254</u>	<u>61,227</u>	<u>(23,615)</u>	<u>-</u>	<u>37,612</u>
NONOPERATING ACTIVITIES								
Investment (loss) income	(51,128)	-	(87,814)	(138,942)	87,474	-	149,580	237,054
Government grants - sole source	209,948	-	-	209,948	493,041	-	-	493,041
Restoration expense	(209,948)	-	-	(209,948)	(493,041)	-	-	(493,041)
Contribution expense - historic sites	(155,900)	-	-	(155,900)	(90,000)	-	-	(90,000)
Total Nonoperating Activities	<u>(207,028)</u>	<u>-</u>	<u>(87,814)</u>	<u>(294,842)</u>	<u>(2,526)</u>	<u>-</u>	<u>149,580</u>	<u>147,054</u>
CHANGE IN NET ASSETS	5,302	(138,076)	(87,814)	(220,588)	58,701	(23,615)	149,580	184,666
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 393,512</u>	<u>\$ 91,801</u>	<u>\$ 726,692</u>	<u>\$ 1,212,005</u>	<u>\$ 388,210</u>	<u>\$ 229,877</u>	<u>\$ 814,506</u>	<u>\$ 1,432,593</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 699,076	\$ 65,332	\$ 118,782	\$ 883,190	\$ 643,970	\$ 134,905	\$ 144,571	\$ 923,446
Restoration	209,948	-	-	209,948	493,041	-	-	493,041
Insurance	15,671	5,682	-	21,353	15,067	5,946	-	21,013
Contributions for maintenance and management of the historic sites	341,952	-	-	341,952	195,779	-	-	195,779
Professional and consultant fees	121,671	85,203	9,593	216,467	-	43,518	35,669	79,187
Special event	1,031	1,857	155,881	158,769	8,827	1,857	60,232	70,916
Occupancy	48,600	6,480	9,720	64,800	34,830	14,175	15,795	64,800
Supplies	2,476	330	553	3,359	407	211	344	962
Travel and conferences	1,132	75	-	1,207	-	-	-	-
Telephone	3,278	437	656	4,371	1,932	1,004	1,633	4,569
Administrative expenses	8,632	4,528	4,528	17,688	5,732	3,403	2,639	11,774
Advertising	9,820	-	-	9,820	16,038	-	-	16,038
Membership fees	-	-	1,310	1,310	723	376	611	1,710
	<u>1,463,287</u>	<u>169,924</u>	<u>301,023</u>	<u>1,934,234</u>	<u>1,416,346</u>	<u>205,395</u>	<u>261,494</u>	<u>1,883,235</u>
Less:								
Special event expenses	-	-	113,110	113,110	-	-	46,468	46,468
Nonoperating expenses	<u>365,848</u>	<u>-</u>	<u>-</u>	<u>365,848</u>	<u>583,041</u>	<u>-</u>	<u>-</u>	<u>583,041</u>
Total Operating Expenses	<u>\$ 1,097,439</u>	<u>\$ 169,924</u>	<u>\$ 187,913</u>	<u>\$ 1,455,276</u>	<u>\$ 833,305</u>	<u>\$ 205,395</u>	<u>\$ 215,026</u>	<u>\$ 1,253,726</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (220,588)	\$ 184,666
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized losses (gains) on investments	250,364	(214,800)
Realized gains on investments	(91,866)	(11,943)
Forgiveness of Paycheck Protection Program (PPP) loan	(64,862)	(76,250)
Changes in operating assets and liabilities:		
Decrease in assets:		
Contributions receivable	11,416	45,094
Prepaid expenses	1,564	425
Increase (decrease) in liabilities:		
Accounts payable	27,271	2,615
Accrued expenses	(4,352)	(3,708)
Net cash used in operating activities	<u>(91,053)</u>	<u>(73,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(203,855)	(310,944)
Proceeds from sales of investments	<u>171,206</u>	<u>255,973</u>
Net cash used in investing activities	<u>(32,649)</u>	<u>(54,971)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan payable	-	<u>64,862</u>
Net cash provided by financing activities	<u>-</u>	<u>64,862</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(123,702)	(64,010)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>338,826</u>	<u>402,836</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 215,124</u>	<u>\$ 338,826</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

No taxes or interest were paid during the years ended June 30, 2022 and 2021, respectively.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. ORGANIZATION AND NATURE OF ACTIVITIES

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

HHT is organized under the Not-for-Profit Corporation Law of the State of New York and has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The majority of HHT's support is derived from the City of New York (see Notes 7, 8 and 9), contributions, and a special event.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of HHT have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require HHT to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HHT. These net assets may be used at the discretion of HHT's management and the board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HHT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Contributions Receivable

Unconditional promises to give are recorded as receivables and revenue when received. HHT distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contributions revenue. Conditional promises to give are not included as support until the conditions are met.

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, 2022 and 2021.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are 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 Measurements

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements - Continued

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.

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 and grants, with or without restrictions</i>	
Gifts and grants that depend on HHT overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, 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.

Revenue Recognition

HHT reports membership and other fees as income in the period they are earned. Fees received that relate to a subsequent year are recorded as deferred revenue.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation 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.

Nonoperating Activities

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

Accounting for Uncertainty in Income Taxes

HHT applies the provisions pertaining to uncertain tax provisions, 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.

New Accounting Pronouncements

Accounting for Leases

On February 25, 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2021.

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

Accounting for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Contributed Nonfinancial Assets* (Topic 958), which will enhance presentation and disclosure requirements for contributed nonfinancial assets for nonprofits, including additional disclosure requirements for recognized contributed services. This standard should be applied on a retrospective basis and is effective for nonpublic business entities for fiscal years beginning after June 15, 2022.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents the HHT’s financial assets, reduced by amounts not available to meet cash needs for general expenditures within one year at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 215,124	\$ 338,826
Contributions receivable	52,354	63,770
Investments	<u>1,006,619</u>	<u>1,132,468</u>
Total financial assets	1,274,097	1,535,064
Less: Contractual or donor-imposed restrictions:		
Purpose restricted	(91,801)	(229,877)
Endowments	<u>(726,692)</u>	<u>(814,506)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 455,604</u>	<u>\$ 490,681</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Due within one year	<u>\$ 52,354</u>	<u>\$ 63,770</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.

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).

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

5. FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Hierarchy - Continued

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, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds - Equities based	\$ 477,463	\$ -	\$ -	\$ 477,463
Exchange Traded Funds	523,990	-	-	523,990
Equities	5,166	-	-	5,166
	<u>\$1,006,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,006,619</u>
	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>

Investment income (loss) consist of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 23,678	\$ 13,706
Unrealized gains (losses) on investments	(250,364)	214,800
Realized gains on investments	91,866	11,943
	<u>(134,820)</u>	<u>240,449</u>
Less: Investment fees	4,122	3,395
	<u>\$ (138,942)</u>	<u>\$ 237,054</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

6. REVENUE FROM CARES ACT

In March 2021, HHT received a forgivable loan amounting to \$64,862 under the Paycheck Protection Program (“PPP”) 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. In July 2022, equal monthly installments of principal and interest were scheduled to commence, including interest payable at the rate of 1% per annum. The loan is unsecured and matures in May 2026; however, the PPP provides for the forgiveness of up to the entire amount of the loan (including interest) if certain conditions are met.

On October 26, 2021, the principal loan amounting to \$64,862 was forgiven. HHT recognized the said loan as government grant in 2022.

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. On August 25, 2022, the contract was extended until September 23, 2023.

For the fiscal years ended June 30, 2022 and 2021, \$209,948 and \$493,041, respectively, was earned by HHT under this agreements.

8. DONATED SERVICES, MATERIALS AND FACILITIES

For the fiscal years ended 2022 and 2021, 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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

8. DONATED SERVICES, MATERIALS AND FACILITIES - CONTINUED

Included in donated services, materials and facilities are the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Salaries and fringe benefits	\$ 621,598	\$ 583,486
Legal services	33,816	-
Office space (occupancy)	64,800	64,800
Maintenance of the historic sites	163,271	102,987
Computer equipment	-	116
Telephone	4,370	4,569
Computer maintenance	1,539	1,113
	<u>\$ 889,394</u>	<u>\$ 757,071</u>

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. Gross revenues from Founders Award Gala amounted to \$373,886 and \$319,610 for the years ended June 30, 2022 and 2021, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	Purpose		Purpose	
	<u>Restricted</u>	<u>Endowments</u>	<u>Restricted</u>	<u>Endowments</u>
Curatorial program	\$ 23,880	\$ -	\$ 23,880	\$ -
Landmark Preservation program	43,976	-	49,614	-
Property management program	11,226	-	18,270	-
Emergency maintenance	-	-	23,440	-
Program support	7,719	-	109,673	-
Promotion and marketing	5,000	-	5,000	-
Endowment fund	-	726,692	-	814,506
	<u>\$ 91,801</u>	<u>\$ 726,692</u>	<u>\$ 229,877</u>	<u>\$ 814,506</u>

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

10. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

Purpose restricted and endowment fund net assets releases consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program support	\$ 113,129	\$ 90,615
Emergency maintenance	23,440	-
Property management program	7,044	-
Landmark Preservation program	5,638	-
	<u>\$ 149,251</u>	<u>\$ 90,615</u>

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.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. ENDOWMENTS - CONTINUED

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, 2022 and 2021.

Funds with Deficiencies

HHT does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at June 30, 2022 and 2021:

	2022		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowments	\$ 275,192	\$ 451,500	\$ 726,692

	2021		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowments	\$ 363,006	\$ 451,500	\$ 814,506

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

11. ENDOWMENTS - CONTINUED

Changes in Endowment Net Assets for the Years Ended June 30, 2022 and 2021:

	2022		
	With Donor Restrictions		
	Unspent Accumulated Earnings	Original Donor Gifts	Total
Endowment net assets, beginning of year	\$ 363,006	\$ 451,500	\$ 814,506
Investment loss, net	(87,814)	-	(87,814)
Endowment net assets, end of year	<u>\$ 275,192</u>	<u>\$ 451,500</u>	<u>\$ 726,692</u>

	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	149,580	-	149,580
Endowment net assets, end of year	<u>\$ 363,006</u>	<u>\$ 451,500</u>	<u>\$ 814,506</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. Pension expense amounted to \$2,423 and nil in 2022 and 2021, respectively.

13. RISKS AND UNCERTAINTIES

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on HHT's operations and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, HHT is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. HHT's performance in future periods may be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. HHT continues to monitor evolving economic conditions and the actual and potential impacts on its financial position and results of operations.

HISTORIC HOUSE TRUST OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

14. SUBSEQUENT EVENTS

Management has evaluated all events or transactions that occurred after June 30, 2022 through November 10, 2022, which is the date that these financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.