Travellers' Rest Historic House Museum, Inc. and Affiliate

COMBINING FINANCIAL STATEMENTS

June 30, 2019

Travellers' Rest Historic House Museum, Inc. and Affiliate
Table of Contents
June 30, 2019

Independent Auditors' Report 1

FINANCIAL STATEMENTS

Combining Statement of Financial Position 3

Combining Statement of Activities 4

Combining Statement of Functional Expenses 5

Combining Statement of Cash Flows 6

Notes to Combining Financial Statements 7

CRI CARR RIGGS & INGRAM

Carr, Riggs & Ingram, LLC
3011 Armory Drive
Suite 190
Nashville, TN 37204

(615) 665-1811
(615) 665-1829 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Travellers' Rest Historic House Museum, Inc.
Nashville, Tennessee

We have audited the accompanying combining financial statements of Travellers' Rest Historic House Museum, Inc. (a nonprofit organization) and Affiliate, which comprise the combining statement of financial position as of June 30, 2019, and the related combining 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 combining 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 combining 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 combining 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 combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combining 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 combining 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 combining 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 combining financial statements referred to above present fairly, in all material respects, the financial position of Travellers' Rest Historic House Museum, Inc. and Affiliate as of June 30, 2019, and the changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in an Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958)*; this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
July 6, 2020

Travellers' Rest Historic House Museum, Inc. and Affiliate
Combining Statement of Financial Position

June 30,				**2019**
	Travellers' Rest		NSCDA-TN Foundation	
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
ASSETS				
Cash	**$ 56,614**	**$ 370,922**	**$ -**	**$ 427,536**
Contributions receivable	**-**	**49,853**	**-**	**49,853**
Investments	**191,095**	**-**	**2,025,083**	**2,216,178**
Other assets	**3,962**	**-**	**-**	**3,962**
Property and equipment	**610,967**	**-**	**-**	**610,967**
Collections - Note 7	**-**	**-**	**-**	**-**
TOTAL ASSETS	**$ 862,638**	**$ 420,775**	**$ 2,025,083**	**$ 3,308,496**
LIABILITIES				
Accounts payable and accrued expenses	**$ 31,259**	**$ -**	**$ -**	**$ 31,259**
Deferred revenue	**55,521**	**-**	**-**	**55,521**
TOTAL LIABILITIES	**86,780**	**-**	**-**	**86,780**
NET ASSETS				
Without donor restrictions	**775,858**	**-**	**-**	**775,858**
With donor restrictions	**-**	**420,775**	**2,025,083**	**2,445,858**
TOTAL NET ASSETS	**775,858**	**420,775**	**2,025,083**	**3,221,716**
TOTAL LIABILITIES AND NET ASSETS	**$ 862,638**	**$ 420,775**	**$ 2,025,083**	**$ 3,308,496**

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

Travellers' Rest Historic House Museum, Inc. and Affiliate
Combining Statement of Activities

For the Year Ended June 30, **2019**

	Travellers' Rest		NSCDA-TN Foundation	
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE				
Contributions and grants	$ 44,158	$ 107,600	$ 47,949	$ 199,707
Admissions	34,027	-	-	34,027
Museum Shop sales	7,827	-	-	7,827
Educational activity programs	93,272	-	-	93,272
Education Center rental income	102,053	-	-	102,053
Investment return designated for operations	6,121	-	54,200	60,321
Net assets released from restrictions	233,224	(179,024)	(54,200)	-
TOTAL SUPPORT AND REVENUES	520,682	(71,424)	47,949	497,207
EXPENSES				
Program expenses				
Education and interpretation	120,691	-	-	120,691
Building maintenance	46,944	-	-	46,944
Collections	33,920	-	-	33,920
Education Center rental expenses	53,827	-	-	53,827
Grounds	31,045	-	-	31,045
Museum Shop	19,486	-	-	19,486
Other	125,371	-	-	125,371
Total program expenses	431,284	-	-	431,284
Supporting services				
Management and general	177,577	-	-	177,577
Fundraising	42,948	-	-	42,948
TOTAL EXPENSES	651,809	-	-	651,809
CHANGE IN NET ASSETS FROM OPERATIONS	(131,127)	(71,424)	47,949	(154,602)
OTHER CHANGES IN NET ASSETS				
Investment return under the amount designated for operations	(3,029)	-	(32,787)	(35,816)
CHANGE IN NET ASSETS	(134,156)	(71,424)	15,162	(190,418)
NET ASSETS, BEGINNING OF YEAR	910,014	492,199	2,009,921	3,412,134
NET ASSETS, END OF YEAR	$ 775,858	$ 420,775	$ 2,025,083	$ 3,221,716

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

Travellers' Rest Historic House Museum, Inc. and Affiliate
Combining Statement of Functional Expenses

For the Year Ended June 30, **2019**

	Travellers'Rest										
EXPENSES	Education and Interpretation	Building Maintenance	Collections	Education Center Rental	Grounds	Museum Shop	Other	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 88,380	$ -	$ 22,245	$ 33,724	$ -	$ 14,152	$ -	$ 158,501	$ 36,855	$ 28,044	$ 223,400
Payroll taxes	6,634	-	1,670	233	-	1,062	-	9,599	2,767	4,404	16,770
Advertising and brochures	-	-	-	-	-	-	-	-	14,466	-	14,466
Annual giving	-	-	-	-	-	-	-	-	-	1,348	1,348
Business fees and property taxes	-	-	-	-	-	-	-	-	536	-	536
Cleaning	-	-	-	10,289	-	-	-	10,289	-	-	10,289
Conservation and cataloging	-	-	10,005	-	-	-	-	10,005	-	-	10,005
Cost of goods sold	-	-	-	-	-	4,272	-	4,272	-	-	4,272
Depreciation	-	-	-	-	-	-	99,721	99,721	5,248	-	104,969
Discretionary fund	-	-	-	-	-	-	-	-	1,839	-	1,839
Fundraising events	-	-	-	-	-	-	-	-	-	4,101	4,101
Insurance	-	-	-	-	-	-	25,650	25,650	17,959	5,051	48,660
Maintenance	-	-	-	-	31,045	-	-	31,045	-	-	31,045
Maintenance of systems	-	14,235	-	-	-	-	-	14,235	-	-	14,235
Materials	-	308	-	-	-	-	-	308	-	-	308
Miscellaneous	-	-	-	-	-	-	-	-	291	-	291
Office expense and telephone	-	-	-	-	-	-	-	-	32,255	-	32,255
Other	-	-	-	9,581	-	-	-	9,581	-	-	9,581
Professional affiliations	-	-	-	-	-	-	-	-	1,225	-	1,225
Professional services	-	-	-	-	-	-	-	-	54,775	-	54,775
Security	-	2,060	-	-	-	-	-	2,060	-	-	2,060
Special programs	25,677	-	-	-	-	-	-	25,677	-	-	25,677
Technology	-	-	-	-	-	-	-	-	9,361	-	9,361
Utilities and waste removal	-	30,341	-	-	-	-	-	30,341	-	-	30,341
TOTAL EXPENSES	$ 120,691	$ 46,944	$ 33,920	$ 53,827	$ 31,045	$ 19,486	$ 125,371	$ 431,284	$ 177,577	$ 42,948	$ 651,809

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

Travellers' Rest Historic House Museum, Inc. and Affiliate
Combining Statement of Cash Flows

For the Year Ended June 30, **2019**

	Travellers' Rest		NSCDA-TN Foundation	
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ (134,156)	$ (71,424)	$ 15,162	$ (190,418)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	104,969	-	-	104,969
Realized and unrealized gains on investments	644	-	1,724	2,368
Changes in assets and liabilities:				
Accounts receivable	2,800	-	-	2,800
Contributions receivable	-	97,525	-	97,525
Other assets	8,812	-	-	8,812
Accounts payable and accrued expenses	(8,187)	-	-	(8,187)
Deferred revenue	(10,868)	-	-	(10,868)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(35,986)	26,101	16,886	7,001
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(22,711)	-	-	(22,711)
Purchases of investments	(456,901)	-	(3,759,797)	(4,216,698)
Proceeds from sales and maturities of investments	504,152	-	3,742,911	4,247,063
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	24,540	-	(16,886)	7,654
NET INCREASE (DECREASE) IN CASH	(11,446)	26,101	-	14,655
CASH AT BEGINNING OF YEAR	68,060	344,821	-	412,881
CASH AT END OF YEAR	$ 56,614	$ 370,922	$ -	$ 427,536

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

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations

In November 1988, the National Society of The Colonial Dames of America in the State of Tennessee ("NSCDA-TN") voted to establish a separate corporation named Travellers' Rest Historic House Museum, Inc. ("Travellers' Rest") to operate and maintain the Travellers' Rest site. The Travellers' Rest site is the 1799 home of Judge John Overton, one of Tennessee's most influential citizens in the late 18th and early 19th century. Travellers' Rest leases the site from the NSCDA-TN and operates the historic house located in Nashville, Tennessee. Travellers' Rest's primary sources of revenue are contributions, admissions, site rentals, and educational programs.

Basis of Presentation

The combining financial statements include the accounts of Travellers' Rest and The National Society of The Colonial Dames of America in Tennessee Foundation for Travellers' Rest (the NSCDA-TN Foundation), which are collectively referred to as the "Museum". The NSCDA-TN Foundation is a separate trust that was established by NSCDA-TN. Although the NSCDA-TN's authorization is required for all expenditures from the NSCDA-TN Foundation, they have delegated this authority to Travellers' Rest for net assets with donor restrictions. The funds in the NSCDA-TN Foundation are restricted for the maintenance, repair, upkeep, and improvement of the Travellers' Rest site. Significant intercompany transactions and balances have been eliminated in the combination.

The financial statements are prepared on the accrual basis of accounting. This method of accounting recognizes revenue when earned and expenses when incurred.

The Museum reports information regarding its financial position and activities according to three classes of net assets: without donor restrictions, without donor restrictions – Board-designated, and with donor restrictions. These net assets classifications are described as follows:

> *Without donor restrictions* - resources available without restriction for the various programs and administration of the Museum.
>
> *Without donor restrictions – Board-designated net assets* - resources reserved by the Board for specific purposes.
>
> *With donor restrictions*– resources whose use is limited by donor-imposed restrictions that either will be released either by actions of the Museum or by the passage of time, or required to be maintained permanently, which are included in endowment fund assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For the statement of cash flows, the Museum considers all highly liquid investments, except for those held for long-term investment, purchased with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents that are designated for long-term investment and included in brokerage accounts are included in Investments in the statement of financial position.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values. Unrealized gains and losses are included in the changes in net assets.

Equity securities consist of corporate stocks and daily traded mutual funds. Corporate stocks and mutual funds are valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets.

Debt investments consist of U.S. Government obligations, corporate bonds and notes. The investment grade corporate bonds held by the Museum generally do not trade in active markets on the measurement date. If a bond does, it is measured at the quoted price without adjustment (a Level 1 measure); otherwise, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, price quotations in inactive markets (where observable), bond spreads, and fundamental data relating to the issuer (a Level 2 measure).

Common trust funds: Common trust funds (collectively “the Funds”) are composed of six funds managed by Diversified Trust Company (“DTC”) that are valued at the net asset value (of units) of each fund. The net asset value (NAV) is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur monthly. The Funds contain no significant withdrawal restrictions. These NAV based investments have been excluded from the fair value hierarchy.

In the combining statement of activities, the Museum includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income earned in excess of the Museum’s aggregate authorized spending amount, which includes net realized and unrealized gains and losses, interest and dividend income, and investment expenses, and contributions to net assets with donor restrictions are recognized as nonoperating support, revenues, gains, and losses.

The combining statement of activities report gains and losses recognized on investments as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

The Museum capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at their approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Restoration costs include construction costs as well as the related architectural, archeological, and historical research costs.

The Travellers' Rest site is leased to Travellers' Rest from NSCDA-TN for one dollar per year for 99 years. The lease expires in December 2089. The lease has a provision that the property must be used as an historical shrine. In the event Travellers' Rest does not use the property as an historical shrine, the lease automatically terminates. Due to the nominal rental, the restrictions placed on the property, and the difficulty in estimating fair value, the property is not recorded on the books of the Museum. However, the cost of Travellers' Rest's improvements to the property are capitalized and amortized.

Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Museum has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Museum recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Endowment

The Museum's investment accounts consist of seven individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Museum's Board of Directors has designated $191,095 of unrestricted net assets at June 30, 2019, respectively, as funds functioning as an endowment to support the mission of the Museum. Since that amount resulted from an internal designation by the board of directors and is not donor-restricted, it is classified and reported as net assets without donor restrictions – Board designated.

Interpretation of Relevant Law - The Board of Directors has interpreted the Tennessee Uniform Prudent Management of Institutional Funds Act (TN UPMIFA) 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, the Museum classifies as net assets with donor restrictions that are required to be held permanently (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by TN UPMIFA.

In accordance with TN UPMIFA, the Museum considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Museum and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Museum
(7) The investment policies of the Museum.

Funds with Deficiencies (Underwater Endowments) – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TN UPMIFA requires the Museum to retain as a fund of perpetual duration. The Board of Directors of the Museum has interpreted TN UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies generally result from unfavorable market fluctuations that occur shortly after the investment of new donor-restricted contributions to be held in perpetuity along with continued appropriation for certain programs that are deemed prudent by the Board of Directors. There was one fund with a deficiency of approximately $3,200 at June 30, 2019 (see note 5).

Return Objectives and Risk Parameters – the Museum has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Museum must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that, over time, provide a return of approximately 7% annually while assuming a moderate level of investment risk. Actual returns in any given year will vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum targets a diversified asset allocation that places an emphasis on equity-based investments and bonds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Museum has policies of appropriating for distribution each year ranging from 3.5 to 4.1 percent of the respective endowment fund's average fair value over the prior three years. The calculation is based on the three fiscal years ending on the March 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Museum considered the long-term expected return on its endowment. Accordingly, over the long term, the Museum expects the current spending policy to allow its endowment to grow at an average of approximately 2.9 percent annually. This is consistent with the Museum's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. During the year ended June 30, 2019, the Museum appropriated approximately $21,000, below the spending policy, from the portion of endowment funds available for expenditure for major renovations, repairs, and maintenance.

Deferred Revenue

Deferred revenue consists primarily of admissions, educational activity programs, education center rental fees, and education center security deposits which have been received, but for which the prescribed services have not yet been completed. These fees will be recognized as income when these services are provided.

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. Contributions receivable are recorded at the time a promise is made. Noncash contributions are recorded as contributions at their approximate fair value at the date of donation.

The Museum recognizes revenues from exchange transactions, primarily admissions, Museum shop merchandise sales, and education center rental income as the services are provided to the customer.

Advertising

Printed advertising is expensed when distributed and other advertising is expensed when incurred.

Contributed Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. A number of volunteers have donated significant amounts of their time to the Museum's program and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

Income Tax Status

Both Travellers' Rest and NSCDA-TN Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. In addition, they qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(2).

Estimates

The preparation of combining financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combining financial statements and certain reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

For purposes of the statement of functional expenses, certain expenses have been allocated between program and supporting services based on estimates made by management. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort and occupancy costs and depreciation, which are allocated on a square footage basis.

Change in Accounting Principle

During the year ended June 30, 2019, the Museum adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through the date the financial statements were available to be issued, July 6, 2020. See Note 12 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following:

June 30,		**2019**
Promises to give - due in one year	**$**	**52,475**
Less: unamortized discount, at 1.79%		**(2,622)**
	$	**49,853**

Management believes the contributions receivable are fully collectible, and thus, no allowance for uncollectible promises to give is considered necessary at June 30, 2019.

NOTE 4: INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Museum's investments:

June 30,				**2019**
		Fair Value (Level 1)	Investments at Net Asset Value	Unrealized Gain (Loss)
Short-term investments	**$ 143,202**	**$ 143,202**	**$ -**	**$ -**
Mutual funds – bonds	**194,707**	**192,422**	**-**	**(2,285)**
Corporate bonds	**9,084**	**9,147**	**-**	**63**
Common stocks and mutual funds - equities	**130,491**	**138,924**	**-**	**8,433**
Common trust funds	**1,646,585**	**-**	**1,732,483**	**85,898**
	$ 2,124,069	**$ 483,695**	**$1,732,483**	**$ 92,109**

Investment income derived from the Museum's investments is included in operating activities in the combining statements of activities based on a spending rule of 3.5% to 4.1%, as this income is used to offset the Museum's operating expenses. All other investment return is considered non-operating.

NOTE 5: ENDOWMENT

Endowment net assets consists of the following:

June 30,	**2019**
Board-designated endowment funds with donor restrictions	**$ 1,978,845**
Endowment funds with donor restrictions - perpetual in nature	**46,238**
Total donor-restricted endowment	**2,025,083**
Board-designated endowment funds without donor restrictions	**191,095**
	$ 2,216,178

At June 30, 2019, the Museum has an underwater endowment fund, the Weaver Jackson Garden fund, which has an original gift value, indexed at 2.9% annually to maintain its original purchasing power, of $81,904, a fair value of $78,723, and a deficiency of $3,181 that was reported in net assets with donor restrictions. During the year ended June 30, 2019, the Board of Trustees appropriated no funds from Weaver Jackson Garden fund.

Changes in endowment net assets are as follows:

For the Year Ended June 30,			**2019**
	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2018	**$ 238,990**	**$ 2,009,921**	**$ 2,248,911**
Contributions	**-**	**47,949**	**47,949**
Interest and dividends, net of investment expenses	**3,736**	**23,136**	**26,872**
Net realized and unrealized losses	**(644)**	**(1,724)**	**(2,368)**
Amounts appropriated for expenditures	**(50,987)**	**(54,199)**	**(105,186)**
Balance at June 30, 2019	**$ 191,095**	**$ 2,025,083**	**$ 2,216,178**

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

June 30,	**2019**
Land	**$ 10,600**
Education Center	**774,282**
Equipment	**135,875**
Leasehold improvements	**489,015**
Restoration costs	**733,199**
	2,142,971
Accumulated depreciation	**(1,532,004)**
	$ 610,967

NOTE 7: COLLECTIONS

The Museum's collections consist of historical items, furnishings, art objects, and real property. Each of the items in the collection is cataloged and preserved. Verification of their existence and assessment of their condition are performed continuously. In conformity with the practice followed by many museums, collection items are not included in the combining statements of financial position. The Museum purchased no collection items during June 30, 2019. There were no disposals of collection items during June 30, 2019.

NOTE 8: NET ASSETS

Board designated endowment funds without donor restrictions consist of the following:

June 30,	**2019**
Board-designated endowment - general	**$ 133,698**
Board-designated - other:	
Surplus	**14,000**
Gee fund	**16,447**
Collections	**11,802**
Deaccession proceeds	**15,148**
	$ 191,095

Net assets with donor restrictions consist of the following:

June 30,	**2019**
Purpose restrictions:	
NSCDA –TN Foundation net assets - maintenance, upkeep, and improvements of Travellers' Rest repair	**$ 1,978,845**
Elizabeth Craig Weaver Proctor Charitable Foundation	**11,202**
Anne Hardeman & Combs L. Fort Fund	**47,856**
Robert & Ruth Warner Fund	**9,462**
Robinson Foundation - The Elizabeth Wade Craig Memorial Fund (purpose restrictions)	**202,040**
Contra Foundation	**6,000**
Other projects with purpose restrictions	**94,362**
Time restrictions:	
Contributions receivable in future periods	**49,853**
Perpetual in nature:	
NSCDA –TN Foundation net assets - Henrietta Weaver Jackson Garden Fund (restricted to garden maintenance)	**46,238**
	$ 2,445,858

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, and consist of the following:

For the Years Ended June 30,			**2019**
	Travellers' Rest	NSCDA-TN Foundation	Total
Purpose restrictions accomplished:			
Program expenditures	**$ 55,335**	**$ 54,200**	**$ 109,535**
Time restrictions expired:			
Passage of specified time	**123,689**	**-**	**123,689**
	$ 179,024	**$ 54,200**	**$ 233,224**

NOTE 9: RELATED PARTY TRANSACTIONS

The Museum received $16,000 in unrestricted contributions from NSCDA-TN during the year ended June 30, 2019, respectively.

NOTE 10: CONCENTRATIONS

The Museum maintains its cash balances at one financial institution. The Federal Deposit Insurance Corporation insures the balances up to $250,000 per institution. At June 30, 2019, the Museum's uninsured cash balances totaled $174,000.

Contributions receivable consists of unconditional promises from one donor at June 30, 2019,

For the year ended June 30, 2019, contributions from four donors comprised approximately 94% of total contributions.

NOTE 11: FINANCIAL ASSET AVAILABILITY

The Museum maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Museum's expenditures come due. The following reflects the Museum's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial positon date because of contractual or donor-imposed restrictions.

The following reflects the Museum's financial assets as of June 30, 2019, including amounts not available within one year of the balance sheet date:

For the Year Ended June 30,	**2019**
Financial assets, at year end	**$ 2,693,567**
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	**(2,399,620)**
Restricted by donor to be held in perpetuity	**(46,238)**
Board designations:	
Board-designated endowment - general	**(133,698)**
Financial assets available to meet cash needs for general expenditures within one year	**$ 114,011**

NOTE 12: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2019 through July 6, 2020, the date the Museum's financial statements were available to be issued. The following items occurred:

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the Museum's fair value of investments has declined similarly. Such declines in the fair value of investments held by the Museum may materially and adversely impact the Museum's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.