

# **Travellers Rest Historic House Museum, Inc. and Affiliate**

Combined Financial Statements  
For the Years Ended June 30, 2022 and 2021

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## **Combined Financial Statements**

For the Years Ended June 30, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
Travellers Rest Historic House Museum, Inc. and Affiliate

### Opinion

We have audited the combined financial statements of Travellers Rest Historic House Museum, Inc. and Affiliate (the Organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying 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, 2022 and 2021, and the changes in their net assets and their 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 (GAAS). 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 the Organization 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 the Organization'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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

#### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual organizations and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
February 9, 2023

**Travellers Rest Historic House Museum, Inc. and Affiliate**

## Combined Statements of Financial Position

June 30, 2022

	2022	2021
<b>Assets</b>		
Cash	174,773	\$ 244,615
Investments	2,066,794	2,446,698
Accounts receivable	2,140	5,889
Inventory	3,175	2,810
Prepaid expenses	6,258	7,770
Cash, restricted or designated for long-term purposes	67,419	45,200
Property and equipment, net	397,932	454,160
Total assets	<b>\$ 2,718,491</b>	<b>\$ 3,207,142</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 27,533	\$ 26,336
Deferred revenues	22,226	26,684
PPP loan	-	66,295
Total liabilities	49,759	119,315
Net assets		
Without donor restrictions	336,833	421,477
With donor restrictions	2,331,899	2,666,350
Total net assets	2,668,732	3,087,827
Total liabilities and net assets	<b>\$ 2,718,491</b>	<b>\$ 3,207,142</b>

# Travellers Rest Historic House Museum, Inc. and Affiliate

## Combined Statements of Activities

For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
<b>Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 89,279	\$ 208,729	\$ 298,008
Fundraising event	10,608	-	10,608
Admissions	26,596	-	26,596
Museum Shop sales	5,761	-	5,761
Educational activity programs	52,021	-	52,021
Education center rental	111,212	-	111,212
Investment and interest income (loss),net	(12,511)	(295,794)	(308,305)
PPP loan forgiveness	66,295	-	66,295
Net assets released from restrictions	<u>247,386</u>	<u>(247,386)</u>	<u>-</u>
Total support and revenues	596,647	(334,451)	262,196
<b>Expenses</b>			
Program services			
Education and interpretation	265,318	-	265,318
Preservation and maintenance	143,474	-	143,474
Education center rental	<u>96,007</u>	<u>-</u>	<u>96,007</u>
Total program expenses	504,799	-	504,799
Supporting services			
Management and general	81,989	-	81,989
Fundraising	<u>94,503</u>	<u>-</u>	<u>94,503</u>
Total expenses	681,291	-	681,291
Change in net assets	(84,644)	(334,451)	(419,095)
Net assets, beginning of year	<u>421,477</u>	<u>2,666,350</u>	<u>3,087,827</u>
Net assets, end of year	<b>\$ 336,833</b>	<b>\$ 2,331,899</b>	<b>\$ 2,668,732</b>

# Travellers Rest Historic House Museum, Inc. and Affiliate

## Combined Statements of Activities

For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
<b>Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 119,559	\$ 114,492	\$ 234,051
Admissions	17,043	-	17,043
Museum Shop sales	2,625	-	2,625
Educational activity programs	29,197	-	29,197
Education center rental	38,466	-	38,466
Investment and interest income	30,491	446,150	476,641
PPP loan forgiveness	45,577	-	45,577
Net assets released from restrictions	194,146	(194,146)	-
Total support and revenues	477,104	366,496	843,600
<b>Expenses</b>			
Program services			
Education and interpretation	221,898	-	221,898
Preservation and maintenance	116,878	-	116,878
Education center rental	119,074	-	119,074
Total program expenses	457,850	-	457,850
Supporting services			
Management and general	82,488	-	82,488
Fundraising	90,158	-	90,158
Total expenses	630,496	-	630,496
Change in net assets	(153,392)	366,496	213,104
Net assets, beginning of year	574,869	2,299,854	2,874,723
Net assets, end of year	\$ 421,477	\$ 2,666,350	\$ 3,087,827

**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combined Statements of Functional Expenses  
For the Year Ended June 30, 2022

	<b>Program Services</b>				<b>Supporting Services</b>		
	<b>Education and interpretation</b>	<b>Preservation and maintenance</b>	<b>Education center rental</b>	<b>Total</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 169,998	\$ 10,296	\$ 15,200	\$ 195,494	\$ 41,343	\$ 67,600	\$ 304,437
Payroll taxes	12,648	766	1,131	14,545	3,076	5,029	22,650
Employee health insurance	13,370	-	-	13,370	-	-	13,370
Advertising and brochures	3,852	1,155	1,926	6,933	-	770	7,703
Annual giving	-	-	-	-	-	3,260	3,260
Cost of goods sold	863	-	-	863	-	863	1,726
Depreciation	8,193	41,271	15,073	64,537	4,100	-	68,637
Fundraising event	-	-	-	-	-	1,667	1,667
Insurance	6,669	6,669	13,895	27,233	556	-	27,789
Maintenance	5,585	64,975	12,642	83,202	425	-	83,627
Printing	3,279	-	-	3,279	1,639	1,639	6,557
Professional affiliations	258	258	258	774	258	258	1,290
Professional services	13,350	10,250	-	23,600	15,021	3,500	42,121
Rental supplies	-	-	17,359	17,359	-	-	17,359
Security	-	-	3,000	3,000	-	-	3,000
Educational programming	7,553	-	-	7,553	-	-	7,553
Technology	6,609	400	591	7,600	1,607	2,629	11,836
Telephone and internet	4,991	302	446	5,739	1,214	1,985	8,938
Utilities	6,788	6,788	14,142	27,718	566	-	28,284
Bank and credit card fees	-	-	-	-	8,143	-	8,143
Miscellaneous	1,312	344	344	2,000	4,041	5,303	11,344
	<b>\$ 265,318</b>	<b>\$ 143,474</b>	<b>\$ 96,007</b>	<b>\$ 504,799</b>	<b>\$ 81,989</b>	<b>\$ 94,503</b>	<b>\$ 681,291</b>



**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combined Statements of Functional Expenses  
For the Year Ended June 30, 2021

	<b>Program Services</b>				<b>Supporting Services</b>		
	<b>Education and interpretation</b>	<b>Preservation and maintenance</b>	<b>Education center rental</b>	<b>Total</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 142,671	\$ 21,600	\$ 38,000	\$ 202,271	\$ 41,000	\$ 71,520	\$ 314,791
Payroll taxes	10,560	1,599	2,813	14,972	3,035	5,293	23,300
Employee health insurance	20,185	-	-	20,185	-	-	20,185
Advertising and brochures	6,554	-	-	6,554	-	-	6,554
Annual giving	-	-	-	-	-	5,529	5,529
Cost of goods sold	768	-	-	768	-	768	1,536
Depreciation	7,696	41,889	36,068	85,653	5,001	-	90,654
Insurance	6,856	6,856	14,284	27,996	571	-	28,567
Maintenance	1,842	37,292	4,668	43,802	272	130	44,204
Printing	2,715	-	-	2,715	1,358	1,357	5,430
Professional affiliations	292	292	292	876	291	291	1,458
Professional services	-	-	-	-	19,148	-	19,148
Rental supplies	-	-	4,620	4,620	-	-	4,620
Security	-	-	3,603	3,603	-	-	3,603
Educational programming	5,592	-	-	5,592	-	-	5,592
Technology	5,471	762	1,341	7,574	1,446	2,523	11,543
Telephone and internet	3,662	510	897	5,069	968	1,689	7,726
Utilities	5,837	5,837	12,161	23,835	486	-	24,321
Bank and credit card fees	-	-	-	-	6,746	-	6,746
Miscellaneous	1,197	241	327	1,765	2,166	1,058	4,989
	<b>\$ 221,898</b>	<b>\$ 116,878</b>	<b>\$ 119,074</b>	<b>\$ 457,850</b>	<b>\$ 82,488</b>	<b>\$ 90,158</b>	<b>\$ 630,496</b>

# Travellers Rest Historic House Museum, Inc. and Affiliate

## Combined Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash, beginning of year	\$ 289,815	\$ 279,052
<b>Cash flows from operating activities</b>		
Change in net assets	(419,095)	213,104
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	68,637	90,654
Unrealized (gains) losses on investments	365,887	(384,149)
Loss on disposal of property and equipment	-	367
PPP loan forgiveness	(66,295)	(45,577)
Change in:		
Accounts receivable	3,749	(5,889)
Inventory	(365)	1,104
Prepaid expenses	1,512	(5,314)
Accounts payable and accrued expenses	1,197	(465)
Deferred revenues	(4,458)	(147)
Net cash provided (used) by operating activities	(49,231)	(136,312)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(12,409)	(1,373)
Purchases of investments	(168,190)	(192,838)
Proceeds from sales and maturities of investments	182,207	274,991
Net cash provided (used) by investing activities	1,608	80,780
<b>Cash flows from financing activities</b>		
Proceeds from PPP loan	-	66,295
Net change in cash	(47,623)	10,763
Cash, end of year	\$ 242,192	\$ 289,815
<b>Reconciliation of cash to combined statement of financial position</b>		
Cash	\$ 174,773	\$ 244,615
Cash, restricted or designated for long-term purposes	67,419	45,200
	\$ 242,192	\$ 289,815

**Travellers Rest Historic House Museum, Inc.**  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2022 and 2021

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**Note 1. 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 centuries. 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. The combined 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.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Museum have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Museum 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 the Museum. These net assets may be used at the discretion of the Museum'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 the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Principles of Combining**

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 combining.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Investments**

The Museum reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**Travellers Rest Historic House Museum, Inc.**  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2022 and 2021

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**Note 2. Summary of Significant Accounting Policies**

**Property and Equipment**

It is the Museum's policy to capitalize all property and equipment over \$1,000. Property and equipment acquisitions are recorded at cost. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of 5 to 25 years and is computed on a straight-line method.

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 rental value of 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.

**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 combined statements of financial position unless purchased by the Museum.

**PPP Loan**

The Museum received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Museum has elected to treat the PPP loan as debt.

**Contributions of Cash and Other Financial Assets**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Contributions of Nonfinancial Assets**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Museum. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the combined financial statements since the recognition criteria were not met. Supplies and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt.

## Travellers Rest Historic House Museum, Inc.

### Notes to Combined Financial Statements For the Year Ended June 30, 2022 and 2021

#### Note 2. Summary of Significant Accounting Policies

##### Revenue Recognition

The Museum recognizes revenue from admissions, museum shop sales, educational activity programs, and education center rental revenues when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Revenues received in advance are recorded as deferred revenues.

##### Income Taxes

Both Travellers Rest and NSCDA-TN Foundation are exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

##### Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a square footage percentage.

##### Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year's format. The total net assets and change in net assets are unchanged due to these reclassifications.

#### Note 3. Availability and Liquidity

The Museum's financial assets are as follows:

	2022	2021
Financial assets		
Cash	\$ 174,773	\$ 244,615
Investments	2,066,794	2,446,698
Accounts receivables	2,140	5,889
Cash, restricted or designated for long-term purposes	<u>67,419</u>	<u>45,200</u>
Total financial assets at year-end	2,311,126	2,742,402
Less amounts not available to be used within one year		
Restricted by donors with time or purpose restrictions, or to be held in perpetuity	(2,331,899)	(2,666,350)
Board designated endowment, general	(84,724)	(103,025)
Add appropriations expected in the next fiscal year	<u>40,000</u>	<u>45,200</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ (65,497)	\$ 18,227

The Museum structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Museum receives year-round contributions, grants, and fees charged for the services it provides. Additionally, the income from investments are available for operations upon approval of the Board of Directors. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the Board of Directors.

## Travellers Rest Historic House Museum, Inc.

### Notes to Combined Financial Statements For the Year Ended June 30, 2022 and 2021

#### Note 4. Investments

Investments consist of the following:

	2022	2021
Cash and cash equivalents	\$ 228,356	\$ 197,004
Fixed income mutual funds	474,640	598,573
Corporate bonds	2,959	3,316
Equity mutual funds	<u>1,360,839</u>	<u>1,647,805</u>
Total investments	<b>\$ 2,066,794</b>	<b>\$ 2,446,698</b>

#### Note 5. 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 US 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 \$84,724 and \$103,025 of unrestricted net assets at June 30, 2022 and 2021, 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.

#### 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

# Travellers Rest Historic House Museum, Inc.

## Notes to Combined Financial Statements For the Year Ended June 30, 2022 and 2021

### Note 5. Endowment

#### 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 for appropriations each year ranging from 3.5% to 4.1% 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% 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.

Endowment assets consist of the following:

	2022	2021
Endowment funds with donor restrictions	\$ 1,935,832	\$ 2,297,435
Endowment funds with donor restrictions – perpetual in nature	<u>46,238</u>	<u>46,238</u>
Total donor-restricted endowment	1,982,070	2,343,673
Board-designated endowment funds	<u>84,724</u>	<u>103,025</u>
Total endowment net assets	<b>\$ 2,066,794</b>	<b>\$ 2,446,698</b>

Changes in endowment assets for the year ended June 30, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Balance, beginning of year	\$ 103,025	\$ 2,343,673	\$ 2,446,698
Interest and dividends	1,960	46,741	48,701
Net realized and unrealized gains (losses)	(13,834)	(316,658)	(330,492)
Investment expenses	(1,128)	(25,878)	(27,006)
Amounts appropriated for expenditures	<u>(5,299)</u>	<u>(65,808)</u>	<u>(71,107)</u>
Balance, end of year	<b>\$ 84,724</b>	<b>\$ 1,982,070</b>	<b>\$ 2,066,794</b>

**Travellers Rest Historic House Museum, Inc.**Notes to Combined Financial Statements  
For the Year Ended June 30, 2022 and 2021**Note 5. Endowment**

Changes in endowment assets for the year ended June 30, 2021 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Balance, beginning of year	\$ 182,802	\$ 1,961,899	\$ 2,144,701
Interest and dividends	2,779	37,019	39,798
Net realized and unrealized gains	27,240	433,429	460,669
Investment expenses	(1,540)	(24,298)	(25,838)
Amounts appropriated for expenditures	<u>(108,256)</u>	<u>(64,376)</u>	<u>(172,632)</u>
Balance, end of year	<b>\$ 103,025</b>	<b>\$ 2,343,673</b>	<b>\$ 2,446,698</b>

**Fair Value**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Museum has the ability to access as of the measurement date

Level 2: Significant other observable inputs other than Level 1 prices

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

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended June 30, 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 228,356	\$ -	\$ -	\$ 228,356
Fixed income mutual Funds	474,640	-	-	474,640
Corporate bonds	2,959	-	-	2,959
Equity mutual funds	<u>1,360,839</u>	<u>-</u>	<u>-</u>	<u>1,360,839</u>
Total	<b>\$ 2,066,794</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,066,794</b>



**Travellers Rest Historic House Museum, Inc.**  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2022 and 2021

**Note 5. Endowment**

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended June 30, 2021:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 197,004	\$ -	\$ -	\$ 197,004
Fixed income mutual Funds	598,573	-	-	598,573
Corporate bonds	3,316			3,316
Equity mutual funds	<u>1,647,805</u>	<u>-</u>	<u>-</u>	<u>1,647,805</u>
Total	<b>\$ 2,446,698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,446,698</b>

Common trust funds have been excluded from the fair value hierarchy leveling as they are measured at fair value using the net asset value per share.

**Note 6. Property and Equipment**

Property and equipment consist of the following:

	2022	2021
Land	\$ 10,600	\$ 10,600
Education Center	771,455	771,455
Leasehold improvements	504,330	498,080
Restoration costs	664,870	664,870
Collections	55,952	55,952
Equipment and furniture	<u>89,367</u>	<u>94,648</u>
	2,096,574	2,095,605
Less: accumulated depreciation	<u>(1,698,642)</u>	<u>(1,641,445)</u>
Property and equipment, net	<b>\$ 397,932</b>	<b>\$ 454,160</b>

Depreciation expense amount to \$68,637 and \$90,654 for the years ended June 30, 2022 and 2021, respectively.

**Note 7. PPP Loan**

On April 15, 2020, the Museum received a loan in the amount of \$45,577 in accordance with the PPP section of the CARES Act. On November 24, 2020, the Museum received notice that the loan was forgiven by the US Small Business Administration and the Museum will not be responsible for any payments. Accordingly, the Museum recognized income in the amount of \$45,577 as a separate line item on the statement of activities in 2021.

On January 23, 2021, the Museum received a second draw on the PPP loan for \$66,295, which was reported as a liability on the statements of financial position at June 30, 2021. On September 14, 2021, the Museum was notified that the full amount of the loan had been forgiven. Accordingly, the amount of \$66,295 is included as a separate line item on the statements of activities in 2022.

**Travellers Rest Historic House Museum, Inc.**  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2022 and 2021

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**Note 8. Net Assets**

Net assets with donor restrictions consist of the following:

	<b>2022</b>	<b>2021</b>
Purpose restrictions		
NSCDA-TN Foundation net assets – maintenance, upkeep, and improvements of Travellers Rest	\$ 1,935,832	\$ 2,297,435
Robinson Foundation – The Elizabeth Wade Craig Memorial Fund	114,491	157,342
Hayes Foundation – Educational programming	68,580	12,523
Anne Hardeman & Combs L. Fort Fund	30,873	61,725
Smokehouse stabilization project	47,419	35,200
Capital improvements	20,000	10,000
American Rescue Plan program grant	15,324	-
Tennessee Humanities programs	11,936	-
Shape Foundation programs	11,149	-
Robert & Ruth Warner Fund	9,462	9,462
Other projects with purpose restrictions	20,595	36,425
Perpetual in nature		
NSDCA-TN Foundation net assets – Henrietta Weaver Jackson Garden Fund	<u>46,238</u>	<u>46,238</u>
Total net assets with donor restrictions	<b>\$ 2,331,899</b>	<b>\$ 2,666,350</b>

**Note 9. Concentrations**

The Museum had cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$46,000 at June 30, 2021. The Museum maintains its cash with a high quality financial institution which the Museum believes limits these risks.

For the years ended June 30, 2022 and 2021, contributions received from two donors comprised approximately 42% and 35% of total contributions, respectively.

**Note 10. Related Party Transactions**

The Museum received \$16,000 and \$56,000 in contributions from NSCDA-TN during the years ended June 30, 2022 and 2021, respectively.

**Note 11. Subsequent Events**

Management has evaluated subsequent events through February 9, 2023, the date on which the financial statements were available for issuance.

## **Supplementary Information**

**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combining Schedule of Financial Position  
June 30, 2022

	Travellers' Rest	NSCDA-TN Foundation	Total
<b>Assets</b>			
Cash	\$ 174,773	\$ -	\$ 174,773
Investments	84,724	1,982,070	2,066,794
Accounts receivable	2,140	-	2,140
Inventory	3,175	-	3,175
Prepaid expenses	6,258	-	6,258
Cash, restricted or designated for long-term purposes	67,419	-	67,419
Property and equipment, net	397,932	-	397,932
Total assets	<b>\$ 736,421</b>	<b>\$ 1,982,070</b>	<b>\$ 2,718,491</b>
<b>Liabilities and Net Assets</b>			
Liabilities			
Accounts payable and accrued expenses	\$ 27,533	\$ -	\$ 27,533
Deferred revenues	22,226	-	22,226
Total liabilities	49,759	-	49,759
Net assets			
Without donor restrictions	336,833	-	336,833
With donor restrictions	349,829	1,982,070	2,331,899
Total net assets	686,662	1,982,070	2,668,732
Total liabilities and net assets	<b>\$ 736,421</b>	<b>\$ 1,982,070</b>	<b>\$ 2,718,491</b>

**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combining Schedule of Financial Position  
June 30, 2021

	Travellers' Rest	NSCDA-TN Foundation	Total
<b>Assets</b>			
Cash	\$ 244,615	\$ -	\$ 244,615
Investments	103,025	2,343,673	2,446,698
Accounts receivable	5,889	-	5,889
Inventory	2,810	-	2,810
Prepaid expenses	7,770	-	7,770
Cash, restricted or designated for long-term purposes	45,200	-	45,200
Property and equipment, net	454,160	-	454,160
Total assets	<b>\$ 863,469</b>	<b>\$ 2,343,673</b>	<b>\$ 3,207,142</b>
<b>Liabilities and Net Assets</b>			
Liabilities			
Accounts payable and accrued expenses	\$ 26,336	\$ -	\$ 26,336
Deferred revenues	26,684	-	26,684
PPP loan	66,295	-	66,295
Total liabilities	119,315	-	119,315
Net assets			
Without donor restrictions	421,477	-	421,477
With donor restrictions	322,677	2,343,673	2,666,350
Total net assets	744,154	2,343,673	3,087,827
Total liabilities and net assets	<b>\$ 863,469</b>	<b>\$ 2,343,673</b>	<b>\$ 3,207,142</b>

**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combining Schedule of Activities  
For the Year Ended June 30, 2022

	<b>Travellers' Rest</b>		<b>NSCDA-TN Foundation</b>			
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Eliminations</b>	<b>Total</b>
<b>Support and Revenues</b>						
Contributions of cash and other financial assets	\$ 155,088	\$ 208,729	\$ -	\$ -	\$ (65,809)	\$ 298,008
Fundraising event	10,608	-	-	-	-	10,608
Admissions	26,596	-	-	-	-	26,596
Museum Shop sales	5,761	-	-	-	-	5,761
Educational activity programs	52,021	-	-	-	-	52,021
Education Center rental	111,212	-	-	-	-	111,212
Investment and interest income (loss), net	(12,511)	-	-	(295,794)	-	(308,305)
PPP loan forgiveness	66,295	-	-	-	-	66,295
Net assets released from restrictions	181,577	(181,577)	65,809	(65,809)	-	-
Total support and revenues	596,647	27,152	65,809	(361,603)	(65,809)	262,196
<b>Expenses</b>						
Program services						
Education and interpretation	265,318	-	-	-	-	265,318
Preservation and maintenance	143,474	-	65,809	-	(65,809)	143,474
Education center rental	96,007	-	-	-	-	96,007
Total program expenses	504,799	-	65,809	-	(65,809)	504,799
Supporting services						
Management and general	81,989	-	-	-	-	81,989
Fundraising	94,503	-	-	-	-	94,503
Total expenses	681,291	-	65,809	-	(65,809)	681,291
Change in net assets	(84,644)	27,152	-	(361,603)	-	(419,095)
Net assets, beginning of year	421,477	322,677	-	2,343,673	-	3,087,827
Net assets, end of year	<b>\$ 336,833</b>	<b>\$ 349,829</b>	<b>\$ -</b>	<b>\$ 1,982,070</b>	<b>\$ -</b>	<b>\$ 2,668,732</b>

**Travellers Rest Historic House Museum, Inc. and Affiliate**  
Combining Schedule of Activities  
For the Year Ended June 30, 2021

	<b>Travellers' Rest</b>		<b>NSCDA-TN Foundation</b>			
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Eliminations</b>	<b>Total</b>
<b>Support and Revenues</b>						
Contributions of cash and other financial assets	\$ 183,935	\$ 114,492	\$ -	\$ -	\$ (64,376)	\$ 234,051
Admissions	17,043	-	-	-	-	17,043
Museum Shop sales	2,625	-	-	-	-	2,625
Educational activity programs	29,197	-	-	-	-	29,197
Education Center rental	38,466	-	-	-	-	38,466
Investment and interest income	30,491	-	-	446,150	-	476,641
PPP loan forgiveness	45,577	-	-	-	-	45,577
Net assets released from restrictions	129,770	(129,770)	64,376	(64,376)	-	-
Total support and revenues	477,104	(15,278)	64,376	381,774	(64,376)	843,600
<b>Expenses</b>						
Program services						
Education and interpretation	221,898	-	-	-	-	221,898
Preservation and maintenance	116,878	-	64,376	-	(64,376)	116,878
Education center rental	119,074	-	-	-	-	119,074
Total program expenses	457,850	-	64,376	-	(64,376)	457,850
Supporting services						
Management and general	82,488	-	-	-	-	82,488
Fundraising	90,158	-	-	-	-	90,158
Total expenses	630,496	-	64,376	-	(64,376)	630,496
Change in net assets	(153,392)	(15,278)	-	381,774	-	213,104
Net assets, beginning of year	574,869	337,955	-	1,961,899	-	2,874,723
Net assets, end of year	<b>\$ 421,477</b>	<b>\$ 322,677</b>	<b>\$ -</b>	<b>\$ 2,343,673</b>	<b>\$ -</b>	<b>\$ 3,087,827</b>