

HISTORIC DEERFIELD, INC.

FINANCIAL STATEMENTS
JUNE 30, 2020

HISTORIC DEERFIELD, INC.

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Independent Auditors' Report

To the Board of Trustees
Historic Deerfield, Inc.
Deerfield, Massachusetts

We have audited the accompanying financial statements of Historic Deerfield, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Historic Deerfield, Inc., as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 2 to the financial statements, Historic Deerfield, Inc., adopted Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Prior Period Financial Statements

The financial statements of Historic Deerfield, Inc., as of June 30, 2019 were audited by other auditors whose report dated November 4, 2019 expressed an unmodified opinion on those financial statements.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 2, 2020

HISTORIC DEERFIELD, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 944,151	\$ 282,513
Accounts receivable, net	15,853	42,133
Contributions receivable, net	31,734	556,779
Inventories	286,106	439,963
Prepaid expenses	3,809	21,363
Total current assets	<u>1,281,653</u>	<u>1,342,751</u>
Other Assets		
Investments	45,502,434	49,238,514
Restricted cash	206,959	-
Beneficial interest in trust	167,391	202,523
Contributions receivable, net	1,173,317	866,272
Property and equipment, net	12,229,282	12,508,993
Collections (see Note 2)	-	-
Other assets	168,917	146,453
Total other assets	<u>59,448,300</u>	<u>62,962,755</u>
Total Assets	<u>\$ 60,729,953</u>	<u>\$ 64,305,506</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 647,451	\$ 809,131
Margin loan	181,756	-
Deferred revenue	59,035	117,002
Refundable advance	921,625	-
Current portion of long-term debt	116,500	113,500
Total current liabilities	<u>1,926,367</u>	<u>1,039,633</u>
Long-term debt, net	255,009	326,852
Total liabilities	<u>2,181,376</u>	<u>1,366,485</u>
Net Assets		
Without donor restrictions	28,628,304	31,248,733
With donor restrictions	29,920,273	31,690,288
Total net assets	<u>58,548,577</u>	<u>62,939,021</u>
Total Liabilities and Net Assets	<u>\$ 60,729,953</u>	<u>\$ 64,305,506</u>

The accompanying notes are an integral part of the financial statements

HISTORIC DEERFIELD, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenue				
Museum admissions	\$ 78,384	\$ -	\$ 78,384	101,763
Other museum related income	36,240	-	36,240	107,954
Academic program income	9,010	-	9,010	8,961
Museum store sales	191,825	-	191,825	300,565
Deerfield Inn	1,625,031	-	1,625,031	2,317,655
Rent	215,529	-	215,529	215,044
Gifts and grants	445,948	1,214,488	1,660,436	1,916,178
Spending policy used for operations	1,619,739	1,909,302	3,529,041	3,716,888
Gain (loss) on disposal of equipment	14	-	14	(24,441)
Miscellaneous income	103,843	-	103,843	11,500
Net assets released from restrictions	2,084,115	(2,084,115)	-	-
Total operating revenue	<u>6,409,678</u>	<u>1,039,675</u>	<u>7,449,353</u>	<u>8,672,067</u>
Expenses				
Program services:				
Museum operations	1,461,288	-	1,461,288	1,519,609
Education	907,778	-	907,778	1,080,649
Visitor services	237,277	-	237,277	357,740
Deerfield Inn	2,229,243	-	2,229,243	2,632,447
Rentals and special events	332,013	-	332,013	363,252
Total program services	<u>5,167,599</u>	<u>-</u>	<u>5,167,599</u>	<u>5,953,697</u>
Supporting services:				
General and administrative	1,204,204	-	1,204,204	1,032,704
Fundraising	463,161	-	463,161	547,758
Total expenses	<u>6,834,964</u>	<u>-</u>	<u>6,834,964</u>	<u>7,534,159</u>
Change in net assets from operations	<u>(425,286)</u>	<u>1,039,675</u>	<u>614,389</u>	<u>1,137,908</u>
Other Changes in Net Assets				
Investment income (loss), net	(432,482)	(865,256)	(1,297,738)	1,925,136
Change in value of trust	-	(35,132)	(35,132)	4,345
Spending policy used for operations	<u>(1,619,739)</u>	<u>(1,909,302)</u>	<u>(3,529,041)</u>	<u>(3,716,888)</u>
Total other changes in net assets	<u>(2,052,221)</u>	<u>(2,809,690)</u>	<u>(4,861,911)</u>	<u>(1,787,407)</u>
Changes in Net Assets Related to Collection Items				
Deaccessions	52,150	-	52,150	1,358
Collections	<u>(195,072)</u>	<u>-</u>	<u>(195,072)</u>	<u>(249,844)</u>
Total changes in net assets related to collection items	<u>(142,922)</u>	<u>-</u>	<u>(142,922)</u>	<u>(248,486)</u>
Change in Net Assets	<u>(2,620,429)</u>	<u>(1,770,015)</u>	<u>(4,390,444)</u>	<u>(897,985)</u>
Net Assets - Beginning of Year	<u>31,248,733</u>	<u>31,690,288</u>	<u>62,939,021</u>	<u>63,837,006</u>
Net Assets - End of Year	<u>\$ 28,628,304</u>	<u>\$ 29,920,273</u>	<u>\$ 58,548,577</u>	<u>62,939,021</u>

The accompanying notes are an integral part of the financial statements

HISTORIC DEERFIELD, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020									
	Program Services					Support Services				
	Museum Operations	Education	Visitor Services	Deerfield Inn	Rentals and Special Events	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries and benefits	\$ 496,391	\$ 658,830	\$ 107,479	\$ 1,100,390	\$ 8,125	\$ 2,371,215	\$ 455,805	\$ 332,940	\$ 788,745	\$ 3,159,960
Professional services	-	-	-	804	-	804	59,292	-	59,292	60,096
Operating expenses	89,107	75,161	81,848	715,167	32,223	993,506	575,365	129,471	704,836	1,698,342
Property and occupancy	607,383	80,195	38,409	249,297	242,121	1,217,405	60,808	-	60,808	1,278,213
Depreciation	268,407	93,592	9,541	163,585	49,544	584,669	52,934	750	53,684	638,353
Total Expenses	\$ 1,461,288	\$ 907,778	\$ 237,277	\$ 2,229,243	\$ 332,013	\$ 5,167,599	\$ 1,204,204	\$ 463,161	\$ 1,667,365	\$ 6,834,964
	2019									
	Program Services					Support Services				
	Museum Operations	Education	Visitor Services	Deerfield Inn	Rentals and Special Events	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries and benefits	\$ 396,477	\$ 834,315	\$ 141,947	\$ 1,224,274	\$ -	\$ 2,597,013	\$ 450,854	\$ 387,432	\$ 838,286	\$ 3,435,299
Professional services	-	-	-	-	-	-	67,335	-	67,335	67,335
Operating expenses	136,038	107,635	162,847	963,405	33,474	1,403,399	416,061	159,292	575,353	1,978,752
Property and occupancy	706,868	88,278	44,692	273,728	284,787	1,398,353	45,735	-	45,735	1,444,088
Depreciation	280,226	50,421	8,254	171,040	44,991	554,932	52,719	1,034	53,753	608,685
Total Expenses	\$ 1,519,609	\$ 1,080,649	\$ 357,740	\$ 2,632,447	\$ 363,252	\$ 5,953,697	\$ 1,032,704	\$ 547,758	\$ 1,580,462	\$ 7,534,159

The accompanying notes are an integral part of the financial statements

HISTORIC DEERFIELD, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (4,390,444)	\$ (897,985)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net accessions	195,072	249,844
Net deaccessions	(52,150)	(1,358)
Depreciation	638,353	608,685
Net realized and unrealized (gain) loss on investments	2,750,968	(546,998)
Change in value of trusts	35,132	3,464
(Gain) loss on disposal of property and equipment	(14)	24,441
Contributions restricted for long-term investment	(117,576)	(89,014)
Change in discount on note payable	44,657	43,447
Change in allowance for uncollectible contributions receivable	(41,470)	(4,462)
Change in contributions receivable discount	64,422	-
Change in operating assets and liabilities:		
Accounts receivable, net	26,280	(7,361)
Contributions receivable, net	155,048	(491,184)
Inventories	153,857	9,483
Prepaid expenses and other assets	17,554	29,366
Bequest receivable	-	2,523,441
Other assets	(22,464)	19,528
Accounts payable and accrued expenses	(161,680)	(12,571)
Deferred revenue	(57,967)	82,898
Refundable advance	921,625	-
Net cash provided by operating activities	<u>159,203</u>	<u>1,543,664</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	7,065,569	5,345,822
Purchase of investments	(6,080,457)	(4,428,643)
Purchases of property and equipment	(358,628)	(2,257,945)
Net accessions	(195,072)	(249,844)
Net deaccessions	52,150	1,358
Net cash provided by (used in) investing activities	<u>483,562</u>	<u>(1,589,252)</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term investments	157,576	139,014
Net borrowings from margin loan	181,756	-
Principal payments on long-term debt	(113,500)	(110,470)
Net cash provided by financing activities	<u>225,832</u>	<u>28,544</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	868,597	(17,044)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>282,513</u>	<u>299,557</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 1,151,110</u>	<u>\$ 282,513</u>

The accompanying notes are an integral part of the financial statements

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Nature of Organization

Historic Deerfield, Inc. (the Organization) is a museum of early New England history, architecture and decorative arts located in Deerfield, Massachusetts. It maintains and operates buildings as exhibition areas open to the general public and conducts a broad range of educational programs and auxiliary operations which include the Deerfield Inn and Museum Store.

Novel Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. As a result of the spread of coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets that may result in declines in the value of the investments. On March 10, 2020, Commonwealth of Massachusetts Governor Charlie Baker declared that there existed a state of emergency in the Commonwealth. In response, the Organization closed all operations at noon on March 24, 2020. The Deerfield Inn and Champney's Restaurant & Tavern reopened in early July 2020 with reduced serving hours while observing social distancing and maximum occupancy mandates. The Flynt Center for New England Life, one of Historic Deerfield's twelve historic museum houses, and the Museum Gift Shop and Bookstore opened on Labor Day weekend 2020. To enhance the visitor experience, Historic Deerfield also added guided walking tours.

The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Principles

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, a transfer between restricted and unrestricted cash accounts will not be reported as a cash flow. Organizations will also be required to reconcile such totals to amounts on the statement of financial position and disclose the nature of the restrictions. This ASU is effective for annual periods beginning after December 15, 2018. Management has adopted ASU 2016-18 for the year ended June 30, 2020 and applied retrospective transition method resulting in an increase in the beginning cash, cash equivalents and restricted cash balance in the statements of cash flows. There are no effects of the new requirements on amounts reported in the statements of financial position.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 provides clarifying guidance for 1) evaluating whether a transfer of assets should be accounted for as a contribution or exchange transaction, and 2) determining whether a contribution is conditional. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended June 30, 2020 on a modified prospective basis, which did not have a material effect on its financial statements for the year ended June 30, 2020.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative financial information. The statement of activities presents information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Accordingly, the financial statements present net assets, revenues, gains and losses in separate classes based on the existence or absence of donor-imposed restrictions or on those imposed by operation of law. Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations or to those imposed by law. Net assets without donor restrictions may be designated for specific purposes by action of the Organization's Board of Trustees (the Board) or may otherwise be limited by contractual agreements with outside parties. Any portion of board-designated funds may be expended with the approval of the Board.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors or to those imposed by law. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of assets with perpetual donor restrictions permit the Organization to use, for general or specific purposes, all or part of the net investment return, if any. The change in net assets with donor restrictions is impacted primarily by contributions with time and donor constraints and endowment investment income which has yet to be appropriated for expenditure.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash held at depository institutions and cash equivalents with a maturity of 90 days or less when purchased, except for those that are purchased for the Organization's investment accounts. Cash and cash equivalents are maintained with a national bank and it is the Organization's policy to monitor this bank's financial strength on an ongoing basis. At times, such amounts may exceed federally insured limits. At June 30, 2020, the Organization had cash and cash equivalents in excess of federally insured limits of approximately \$937,000. The Organization had no cash equivalents at June 30, 2020 and 2019. Restricted cash represents certain endowment funds awaiting transfer to the Organization's endowment investment portfolio.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Cash, cash equivalents and restricted cash at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 944,151	\$ 282,513
Restricted cash	<u>206,959</u>	<u>-</u>
	<u>\$ 1,151,110</u>	<u>\$ 282,513</u>

Contributions Receivable

Contributions receivable represent unconditional promises to give that are recognized in the period in which the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are discounted at a rate commensurate with the risk involved. Accretion of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. On a periodic basis, the Organization evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections and current credit conditions.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) and net realizable value.

Investments

Investments are carried at fair value (see Note 6). Realized and unrealized gains and losses and investment income, net of external investment expenses, are recorded in the statement of activities as net assets without donor restrictions unless restricted by donor stipulation or by operation of law. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Organization's gains and losses on investments bought and sold as well as held during the year. Investment oversight is provided by the Organization's Investment Committee.

Board-designated and donor-restricted endowment funds are invested on a pooled basis. Funds are added to or withdrawn from the pool at their share of the then current fair value of the pooled assets. Income and realized and unrealized gains and losses from the funds are distributed based on each fund's proportionate share of the investment pool's fair market value, which is determined on a quarterly basis.

Beneficial Interest in Trust

The Organization is the sole beneficiary of a charitable remainder unitrust held with a trustee. Contributions of charitable remainder unitrusts are recorded at the estimated present value of the fair value of the assets expected to be received by the Organization, based on life expectancy of the principal beneficiary and an applicable discount rate. The change in the fair value of the beneficial interest in trust is included in change in value of trust on the statement of activities.

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NOTES TO THE FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives, which range from 3 to 60 years. Gains or losses realized from the disposition of property and equipment are recognized in the period they are incurred. Major renewals, additions, betterments in excess of \$1,000 are capitalized. Routine repairs and maintenance to existing facilities are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As a result of its review, the Organization does not believe that any material impairment currently exists related to its long-lived assets.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as support without donor restriction. Promises to give that are scheduled to be received after the fiscal year end are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with perpetual donor restrictions. Conditional promises to give are not recognized until the conditions upon which they depend are substantially met. Conditions are donor stipulations that include a barrier that must be overcome and a right of return of assets. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statements of financial position. There were no such transfers included in deferred revenue at June 30, 2020 or 2019.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash or other assets which must be used to acquire or construct long-lived assets are reported as support with donor restrictions until the assets are placed in service, at which time they are reclassified to net assets without donor restrictions.

Deerfield Inn

The Organization derives revenue from operation of the Deerfield Inn. Hotel revenue is recognized based on room occupancy, and revenue from meals is recognized as incurred.

Collections

In accordance with the practice generally followed by museums, the Organization does not carry its collections on the statements of financial position. Since items acquired for collections by purchase are not capitalized, the cost of those acquisitions is reported as decreases in net assets in the statement of activities. The proceeds from items disposed of are reported as increases in the appropriate class of net assets in the statement of activities. Contributed works of art, historical treasures, and similar assets that are not added to the collection are reported as assets held for sale on the statements of financial position at their fair values at the date of the gift.

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NOTES TO THE FINANCIAL STATEMENTS

Advertising

Advertising costs are expensed the first time advertising takes place and amounted to \$224,809 and \$208,767 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes

The Organization is a nonprofit organization generally exempt from income taxes other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Organization has also received classification as a Massachusetts public charity. Management has determined that certain activities of the Deerfield Inn are subject to unrelated business income.

Accounting principles generally accepted in the United State of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken any uncertain tax positions that more than likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2020 there are no uncertain positions taken or expected to be taken that would be recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statements of functional expenses. These costs include direct and indirect costs that have been allocated among the program and support services.

Direct Expenses and Personnel Costs

The bulk of expenses are directly charged to individual functions. Employees typically work in a single function and their salaries and benefits are directly charged to their functions.

Utilities and Property Taxes

In general, buildings are separately metered for utilities. These are therefore directly charged to the departments. Notable exceptions are Marketing and Development, which are located in the Administration Building, are not charged for utilities. For the museum houses which also have attached rental units, utilities are allocated proportionally. Property taxes are charged for specific facilities and expensed similarly to utilities.

Depreciation

Capital items are purchased by individual departments and depreciation is charged to the specific department that purchased/uses the capital items.

Insurance

Insurance (property, liability, auto, cyber, flood, etc.) is allocated to departments based upon pre-determined percentages.

Workers' Compensation Insurance

This is allocated based on the staff size within each function.

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NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through December 2, 2020, which represents the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the current year's presentation.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2020 and 2019 are due to be collected as follows:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 33,405	\$ 556,779
One to five years	<u>1,255,025</u>	<u>926,699</u>
	1,288,430	1,483,478
Less unamortized discount (2.85%)	(18,957)	(60,427)
Less allowance for doubtful pledges	<u>(64,422)</u>	<u>-</u>
	1,205,051	1,423,051
Less current portion	<u>31,734</u>	<u>556,779</u>
Long-Term Portion	<u>\$ 1,173,317</u>	<u>\$ 866,272</u>

As of June 30, 2020 and 2019, approximately 46% and 47%, respectively, of contributions receivable were from members of the Board.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - INVENTORIES

Inventories consist of the following at June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>
Museum store inventory	\$ 223,035	\$	257,192
Publications	195,159		123,894
Food	16,987		24,531
Liquor	28,885		32,877
Supplies	1,040		1,469
	<u>465,106</u>		<u>439,963</u>
Less reserve for obsolete inventory	179,000		-
	<u>286,106</u>	\$	<u>439,963</u>
Total Inventories	<u>\$ 286,106</u>	\$	<u>439,963</u>

NOTE 5 - INVESTMENTS

Investments at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>		<u>2019</u>
Equities	\$ 22,005,266	\$	23,359,460
Mutual funds	20,385,975		24,051,559
Convertible preferred stock	-		18,977
Rights and warrants	392		2,028
Private equities	2,310,666		900,512
Money funds	800,135		905,978
	<u>\$ 45,502,434</u>	\$	<u>49,238,514</u>

Investments, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that change in the fair market value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statement of activities.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs which are used to measure fair value into three broad levels, as described below:

Level 1

Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Level 2

Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3

Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair value hierarchy does not attempt to measure the quality of the investments. Following is a description of the valuation methodologies used for assets measured at fair value. Management believes that the investment values are fairly stated.

Equities

Valued at the closing price reported on the active market on which the individual securities are traded. Equities include domestic and foreign common stock, master limited partnerships and exchange-traded funds.

Mutual Funds and Money Funds

Valued at the net asset value (NAV) of the shares held on the last trading day of the fiscal year, which is the basis for transactions at that date. Mutual fund include equity and fixed income funds.

Convertible Preferred Stock and Rights and Warrants

Valued using quoted prices in active markets for similar securities (Level 2).

Private Equities

Investments in private equities represent direct investments in limited partnerships. Their estimated fair values are reported at NAV per share of the investment or its equivalent, as a practical expedient for a fair value measurement, if (a) the underlying investment manager's calculation of NAV is fair value based, and (b) the NAV has been calculated by the fund manager as of the Organization's fiscal year end. If the reported NAV is not as of the Organization's year end or is not fair value based, the Organization will adjust the NAV if deemed necessary. If the Organization determines it is not practicable to calculate an adjusted NAV, the practical expedient will not be utilized and other valuation methodologies will be used.

Beneficial interest in trust

Valued using the fair value of the underlying assets, as provided but the third-party trustee.

The Organization's policy is to recognize transfers in and out of various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended June 30, 2020 or 2019.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

The following tables summarize the Organization's assets that are accounted for at fair value within the fair value hierarchy as of June 30, 2020 and 2019:

June 30, 2020	Total	Fair Value Measurements Using			NAV
		Level 1	Level 2	Level 3	
Equities:					
Domestic common stock	\$ 16,656,763	\$ 16,656,763	\$ -	\$ -	\$ -
Foreign common stock	2,315,436	2,315,436	-	-	-
Master limited partnerships	3,017,787	3,017,787	-	-	-
Exchange-traded funds	15,280	15,280	-	-	-
Mutual funds:					
Equities	9,865,543	9,865,543	-	-	-
Fixed Income	10,520,432	10,520,432	-	-	-
Rights and warrants	392	-	392	-	-
Private equities	2,310,666	-	-	-	2,310,666
Money funds	800,135	800,135	-	-	-
Total investments measured at fair value	45,502,434	43,191,376	392	-	2,310,666
Beneficial interest in trust	167,391	-	-	167,391	-
Total Assets Measured at Fair Value	\$ 45,669,825	\$ 43,191,376	\$ 392	\$ 167,391	\$ 2,310,666

June 30, 2019	Total	Fair Value Measurements Using			NAV
		Level 1	Level 2	Level 3	
Equities:					
Domestic common stock	\$ 17,266,052	\$ 17,266,052	\$ -	\$ -	\$ -
Foreign common stock	2,454,346	2,454,346	-	-	-
Master limited partnerships	3,264,674	3,264,674	-	-	-
Unit investment trusts	348,504	348,504	-	-	-
Exchange-traded funds	25,884	25,884	-	-	-
Mutual funds:					
Equities	12,636,880	12,636,880	-	-	-
Fixed Income	11,414,679	11,414,679	-	-	-
Convertible preferred stock	18,977	-	18,977	-	-
Rights and warrants	2,028	-	2,028	-	-
Private equities	900,512	-	-	-	900,512
Money funds	905,978	905,978	-	-	-
Total investments measured at fair value	49,238,514	48,316,997	21,005	-	900,512
Beneficial interest in trust	202,523	-	-	202,523	-
Total Assets Measured at Fair Value	\$ 49,441,037	\$ 48,316,997	\$ 21,005	\$ 202,523	\$ 900,512

The change in level 3 beneficial interest in trust measured at fair value on a recurring basis at June 30 is summarized below:

	2020	2019
Beginning balance	\$ 202,523	\$ 205,987
Change in value of trust	(35,132)	(3,464)
Ending Balance	\$ 167,391	\$ 202,523

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NOTES TO THE FINANCIAL STATEMENTS

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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. There have been no changes in the valuation methodologies used at June 30, 2020 and 2019. The Organization recognizes transfers between levels in the fair value hierarchy at the beginning of the period. There were no such transfers during the years ended June 30, 2020 and 2019.

Additional information regarding investments that report fair value based on NAV per share or unit as of June 30, 2020 and 2019 is as follows:

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Notice Period</u>
Private equity funds (a) \$	<u>2,310,666</u>	<u>\$ 5,302,155</u>	Not allowed	n/a

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Notice Period</u>
Private equity funds (a) \$	<u>900,512</u>	<u>\$ -</u>	Not allowed	n/a

(a) This category includes investments in a variety of private equity funds that invest in companies in all stages of development.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 533,562	\$ 533,562
Land improvements	478,315	475,695
Buildings and improvements	20,223,979	19,570,708
Equipment, furniture and fixtures	2,647,195	2,663,938
Vehicles	328,695	239,056
Books and manuscripts	577,805	573,579
	<u>24,789,551</u>	<u>24,056,538</u>
Less accumulated depreciation	<u>12,749,634</u>	<u>12,204,660</u>
	<u>12,039,917</u>	<u>11,851,878</u>
Construction in progress	<u>189,365</u>	<u>657,115</u>
Property and Equipment, Net	<u>\$ 12,229,282</u>	<u>\$ 12,508,993</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$638,353 and \$608,685, respectively.

Construction in progress at June 30, 2020 is primarily comprised of four projects, all expected to be completed within the next fiscal year.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - MARGIN LOAN

During 2020, the Organization entered into a margin account agreement (the Agreement) with the investment brokerage which serves as the custodian for the Organization's investment portfolio. The Agreement is collateralized by the Organization's investments. Interest will be charged at an annual rate based on the average outstanding loan balance, and will range between 1.75% to .75%, as defined. The outstanding loan balance at June 30, 2020 was \$181,756. During the year ended June 30, 2020, the Organization paid interest of \$612.

NOTE 9 - LONG-TERM DEBT

The Organization purchased a collection of antiques for \$2,000,000. The donor contributed the remaining half of the collection, valued at approximately \$2,000,000. The purchase was financed through a note payable to the donor of \$1,987,000 and \$13,000 due at signing. The note is payable in annual installments ranging from \$58,500 to \$128,500 through December 2024. The loan does not have a stated interest rate, and has been discounted using a rate of 5.32%, the rate which would be expected to be obtained from another lender. The Organization has recorded a total discount of \$240,991 and \$285,648 as of June 30, 2020 and 2019, respectively. The Organization was in compliance with all covenants during 2020 and 2019.

Principal amounts due for each of the next five years and thereafter are as follows:

	<u>2020</u>	<u>2019</u>
Note payable	\$ 612,500	\$ 726,000
Less unamortized discount	240,991	285,648
Total	<u>371,509</u>	<u>440,352</u>
Less current portion, net of discount accretion	<u>116,500</u>	<u>113,500</u>
Total Long-Term Debt, Net	<u>\$ 255,009</u>	<u>\$ 326,852</u>

The future payments on the note payable as of June 30, 2020 are as follows:

Year Ending June 30

2021	\$ 70,663
2022	72,482
2023	74,302
2024	76,121
2025	<u>77,941</u>
	<u>\$ 371,509</u>

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - REFUNDABLE ADVANCE

On April 23, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$921,625 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization's management considers PPP loans to be conditional contributions, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Organization's management considers the review of the Organization's application for forgiveness by the lender and the SBA, as well as potential audits, to be administrative in nature rather than barriers to entitlement. While the primary barriers are identifiable, the evolving nature of guidance regarding forgiveness results in significant uncertainty about whether any portion of the barriers has been adequately met at June 30, 2020. Accordingly, for the year ended June 30, 2020, the Organization did not recognize any grant revenue as the Organization's management had not yet concluded that any portion of the barriers has been met with certainty. The balance of the PPP loan is reported as a refundable advance on the accompanying statements of financial position. At the time of issuance of the financial statements, the Organization's management had not yet applied for forgiveness. Accordingly, notice of forgiveness had not been received from the lender. The lending institution will provide the Organization with a schedule of payments once the amounts to be forgiven have been determined and the principal balance to be repaid becomes known. Any portion of the loan that must be repaid will bear interest at a rate of 1% per annum and shall be due and payable in full on April 23, 2022.

NOTE 11 - NET ASSETS

Net assets without donor restrictions at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ (1,154,381)	\$ (793,422)
Investment in property and equipment	12,229,282	12,508,993
Board-designated endowment	<u>17,553,403</u>	<u>19,533,162</u>
Total Net Assets Without Donor Restrictions	<u>\$ 28,628,304</u>	<u>\$ 31,248,733</u>

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Net assets with donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

June 30, 2020	Time or Purpose	Perpetual	Total
Purchase of paintings and antiques	\$ -	\$ 725,621	\$ 725,621
Summer fellowship program	-	279,423	279,423
Academic support	-	40,000	40,000
Curatorial support	259,672	-	259,672
Other special purposes	5,026,200	553,139	5,579,339
Endowment net appreciation - general operations	3,290,640	-	3,290,640
Beneficial interest in trust	167,391	-	167,391
Conservation	-	232,348	232,348
General operations	-	19,419,347	19,419,347
Historic preservation	-	615,329	615,329
Visitor engagement	-	51,110	51,110
Underwater endowment	(739,947)	-	(739,947)
	\$ 8,003,956	\$ 21,916,317	\$ 29,920,273
June 30, 2019	Time or Purpose	Perpetual	Total
Purchase of paintings and antiques	\$ 11,693	\$ 764,996	\$ 776,689
Summer fellowship program	-	278,423	278,423
Academic support	-	40,000	40,000
Curatorial support	445,426	-	445,426
Other special purposes	4,170,999	565,410	4,736,409
Endowment net appreciation - general operations	5,095,449	-	5,095,449
Beneficial interest in trust	202,523	-	202,523
Conservation	-	232,348	232,348
General operations	-	19,419,346	19,419,346
Historic preservation	146,756	503,438	650,194
Visitor engagement	58,169	50,000	108,169
Underwater endowment	(294,688)	-	(294,688)
	\$ 9,836,327	\$ 21,853,961	\$ 31,690,288

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors are as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>
General operations	\$ 1,708,833	\$	1,845,905
Other special purposes	263,425		175,496
Purchase of paintings and antiques	50,237		132,842
Conservation	34,351		4,049
Summer fellowship program	18,235		55,386
Historic preservation	5,581		1,026
Academic	2,598		38,020
Visitor engagement	855		185
Bequest receivable	-		2,538,136
	<u>\$ 2,084,115</u>	\$	<u>4,791,045</u>

NOTE 12 - ENDOWMENT

The Organization's endowment consists of donor-restricted funds and funds designated by the Board of Trustees (the Board) to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the Commonwealth of Massachusetts Uniform Prudent Management of Institutional Funds Act (MAUPMIFA). The Board has interpreted MAUPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual donor restrictions a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulation 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 classified in net assets with perpetual donor restrictions is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MAUPMIFA. In accordance with MAUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the various funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The Organization's investment policies.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 17,553,403	\$ -	\$ 17,553,403
Donor-restricted endowment funds:			
Original gift amounts held in perpetuity	-	21,593,357	21,593,357
Accumulated gains and income available for appropriation by the Board	-	4,972,607	4,972,607
	<u>\$ 17,553,403</u>	<u>\$ 26,565,964</u>	<u>\$ 44,119,367</u>
June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 19,533,162	\$ -	\$ 19,533,162
Donor-restricted endowment funds:			
Original gift amounts held in perpetuity	-	21,486,763	21,486,763
Accumulated gains and income available for appropriation by the Board	-	7,528,207	7,528,207
	<u>\$ 19,533,162</u>	<u>\$ 29,014,970</u>	<u>\$ 48,548,132</u>

Changes in endowment net assets consisted of the following for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - June 30, 2018	\$ 19,687,237	\$ 29,869,453	\$ 49,556,690
Change in accounting principle reclassification	119,402	(119,402)	-
Contributions	1,358	150,905	152,263
Investment return, net	764,943	1,160,193	1,925,136
Other additions	2,630,931	-	2,630,931
Appropriations:			
Operating	(1,670,709)	(2,046,179)	(3,716,888)
Special	(2,000,000)	-	(2,000,000)
	<u>19,533,162</u>	<u>29,014,970</u>	<u>48,548,132</u>
Balance - June 30, 2019	19,533,162	29,014,970	48,548,132
Contributions	72,462	121,495	193,957
Investment loss, net	(432,482)	(661,199)	(1,093,681)
Appropriations:			
Operating	(1,431,812)	(1,909,302)	(3,341,114)
Special	(187,927)	-	(187,927)
	<u>(1,609,739)</u>	<u>(1,909,302)</u>	<u>(3,519,041)</u>
Balance - June 30, 2020	<u>\$ 17,553,403</u>	<u>\$ 26,565,964</u>	<u>\$ 44,307,294</u>

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or MAUPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted MAUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Aggregate original give value	\$ 5,909,371	\$ 5,379,918
Aggregate fair value	<u>5,169,424</u>	<u>5,076,709</u>
	<u>\$ 739,947</u>	<u>\$ 303,209</u>

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization 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. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to enhance or preserve the long-term purchasing power while assuming a moderate level of investment risk. The Organization calculates the spending rate based on a 12-quarter rolling average through the end of the third quarter of the previous fiscal year, to correspond with its operating budget cycle. The percentage of appropriation approved by the Board was 6.1% for 2020 and 2019. The Board, at its discretion, may approve special appropriations from the board-designated endowment. The Board approved a special appropriation of \$187,927 and \$2,000,000 for the years ended June 30, 2020 and 2019, respectively.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Total assets, end of year	\$ 60,729,953	\$ 64,305,506
Less nonfinancial assets:		
Inventories	(286,106)	(439,963)
Prepaid expenses	(3,809)	(21,363)
Property and equipment, net	(12,229,282)	(12,508,993)
Other assets	(168,917)	(146,453)
Financial assets, end of year	<u>48,041,839</u>	<u>51,188,734</u>
Less those unavailable for general expenditure over the next 12 months:		
Beneficial interest In trust	(167,391)	(202,523)
Noncurrent portion of contributions receivable, net	(1,173,317)	(866,272)
Board-designated endowment	(17,553,403)	(19,533,162)
Donor-restricted endowment	(26,565,964)	(29,014,970)
Expected to be available for general expenditure over the next 12 months:		
Appropriated earnings from endowment	<u>3,231,930</u>	<u>3,522,280</u>
Total	<u>\$ 5,813,694</u>	<u>\$ 5,094,087</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, equities and fixed income securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

HISTORIC DEERFIELD, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS

The Organization has a defined contribution pension plan. Employees with two or more years of service and who are at least 21 years of age may elect to participate in the plan. For those who elect to participate, the Organization matches employee contributions of 5% of their salary. Employer contributions vest immediately. Expense under the plan for the years ended June 30, 2020 and 2019 were approximately \$74,667 and \$81,938, respectively.

The Organization also maintains a nonqualified 457(b) deferred compensation plan for eligible employees. As of June 30, 2020, assets that fully fund the related liabilities of \$140,600 are included in other assets, and the related liability is included in accrued liabilities in the accompanying statements of financial position. Deferred compensation expense for the year ended June 30, 2020 was \$17,500.