

THE RICHARD NIXON FOUNDATION

FINANCIAL STATEMENTS

December 31, 2021
(with Summarized Comparative Totals for 2020)

CONTENTS

Independent Auditors' Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements	7-24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of The Richard Nixon Foundation

Opinion

We have audited the accompanying financial statements of The Richard Nixon Foundation (a Delaware nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Richard Nixon Foundation (the Organization) as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Irvine, California
August 31, 2022

THE RICHARD NIXON FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

ASSETS		
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,487,179	\$ 1,074,949
Certificates of deposit	-	404,853
Investments	49,735,568	45,659,897
Pledges and other receivables, net of allowance of \$0 for 2021 and \$42,500 for 2020	42,006	52,564
Inventories, net	130,127	213,414
Other current assets	295,839	183,833
Property and equipment, net	11,145,076	12,129,592
Intangible assets, net	<u>162,447</u>	<u>423,165</u>
TOTAL ASSETS	<u><u>\$ 62,998,242</u></u>	<u><u>\$ 60,142,267</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,512,140	\$ 1,222,277
Grant payable, net	643,930	69,960
Loan payable	<u>6,997,791</u>	<u>7,185,576</u>
	<u>9,153,861</u>	<u>8,477,813</u>
COMMITMENTS (NOTE 11)		
NET ASSETS		
Without donor restrictions	6,637,486	6,810,725
With donor restrictions		
Purpose restrictions	33,705,815	31,352,649
Perpetual in nature	<u>13,501,080</u>	<u>13,501,080</u>
Total net assets	<u>53,844,381</u>	<u>51,664,454</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 62,998,242</u></u>	<u><u>\$ 60,142,267</u></u>

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

THE RICHARD NIXON FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT					
Contributions	\$ 1,354,187	\$ 808,142	\$ 2,162,329	\$ 1,115,628	
Admission fees	255,483	-	255,483	108,720	
Membership dues	502,695	-	502,695	369,944	
Investment income, net	176,547	4,912,009	5,088,556	5,085,754	
In-kind contributed goods	-	-	-	150,000	
Other income	335	-	335	3	
Loss on disposition of assets	(73,999)	-	(73,999)	-	
Auxiliary services:					
Facilities rental, net	1,152,011	-	1,152,011	553,950	
Gift shop sales, net	51,117	-	51,117	84,340	
Forgiveness of PPP loan advance	600,000	-	600,000	600,000	
Net assets released from restrictions	<u>3,366,985</u>	<u>(3,366,985)</u>	<u>-</u>	<u>-</u>	
 Total revenue and support	 <u>7,385,361</u>	 <u>2,353,166</u>	 <u>9,738,527</u>	 <u>8,068,339</u>	
EXPENSES					
Program services	6,428,428	-	6,428,428	5,593,205	
General and administrative	620,823	-	620,823	935,542	
Fundraising	<u>509,349</u>	<u>-</u>	<u>509,349</u>	<u>495,401</u>	
 Total expenses	 <u>7,558,600</u>	 <u>-</u>	 <u>7,558,600</u>	 <u>7,024,148</u>	
 CHANGE IN NET ASSETS	 <u>(173,239)</u>	 <u>2,353,166</u>	 <u>2,179,927</u>	 <u>1,044,191</u>	
 NET ASSETS, BEGINNING OF YEAR	 <u>6,810,725</u>	 <u>44,853,729</u>	 <u>51,664,454</u>	 <u>50,620,263</u>	
 NET ASSETS, END OF YEAR	 <u>\$ 6,637,486</u>	 <u>\$ 47,206,895</u>	 <u>\$ 53,844,381</u>	 <u>\$ 51,664,454</u>	

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

THE RICHARD NIXON FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>	
		<u>General and Administrative</u>	<u>Fundraising</u>	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 1,481,555	\$ 215,280	\$ 235,622	\$ 1,932,457	\$ 2,456,265
Employee benefits	344,082	20,305	49,224	413,611	390,277
Total payroll expenses	1,825,637	235,585	284,846	2,346,068	2,846,542
Travel, entertainment, and lodging	14,222	309	6,889	21,420	15,418
Exhibits and seminars	729,877	-	20	729,897	260,684
Advertising and promotion	235,378	1,439	361	237,178	124,693
Equipment maintenance	424,319	29	9	424,357	371,119
Supplies and materials	89,687	3,020	20,422	113,129	216,992
Contractual services, insurance, and other expenses	1,291,884	9,310	154,009	1,455,203	1,230,205
Grant contributions	618,970	-	-	618,970	-
Interest expense	-	329,244	-	329,244	341,233
Depreciation and amortization	1,198,454	41,887	42,793	1,283,134	1,617,262
Total expenses	<u>\$ 6,428,428</u>	<u>\$ 620,823</u>	<u>\$ 509,349</u>	<u>\$ 7,558,600</u>	<u>\$ 7,024,148</u>

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

THE RICHARD NIXON FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,179,927	\$ 1,044,191
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	1,020,103	1,267,664
Amortization	263,031	349,598
Loss on disposition of property and equipment	73,999	-
Net realized and unrealized gain on investments	(4,470,399)	(4,503,335)
Provision for inventory write down	(9,501)	(18,151)
Forgiveness of PPP loan advance	(600,000)	(600,000)
Changes in operating assets and liabilities:		
Pledges and other receivable, net	10,558	250,484
Inventories, net	92,788	(43,164)
Other current assets	(112,006)	(27,948)
Accounts payable and accrued liabilities	289,863	(304,880)
Grant payable	573,970	-
Net Cash Used In Operating Activities	<u>(687,667)</u>	<u>(2,585,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(109,586)	(1,105,859)
Purchases of intangible assets, net	(2,313)	(5,764)
Purchases of investments	(4,769,325)	(11,956,059)
Proceeds from sales of investments	5,164,053	14,621,029
Proceeds from certificates of deposit	404,853	(115)
Net Cash Provided By Investing Activities	<u>687,682</u>	<u>1,553,232</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan advance	600,000	600,000
Payments on loans payable	(187,785)	(176,384)
Net Cash Provided By Financing Activities	<u>412,215</u>	<u>423,616</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	412,230	(608,693)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>1,074,949</u>	<u>1,683,642</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,487,179</u>	<u>\$ 1,074,949</u>
NONCASH INVESTING		
Noncash additions to Intangible assets	<u>\$ -</u>	<u>\$ 83,699</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 329,244</u>	<u>\$ 341,233</u>

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

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies

Foundation and Nature of Activities

The Richard Nixon Foundation, a not-for-profit corporation, (the “Foundation”) was formed as a Delaware corporation in January 1983.

The purpose of the Foundation is to conduct events, programs, and exhibits intended to enhance the public's understanding of the life and legacy of President Richard Nixon. On July 11, 2007, the Foundation entered into a joint operating agreement with the National Archives to incorporate the Nixon Library (the Library) into the Federal System of Presidential Libraries. The Foundation ceded operational control of the museum and certain other portions of the Library campus to the Federal Government in perpetuity, but the Foundation retains ownership of the entire facility and operational authority over a substantial portion of the campus.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* – Net assets without donor restrictions are net assets that are available for use at the discretion of the Board of Directors and/or management for general operating purposes.
- *Net assets with donor restrictions* – Net assets with donor restrictions are net assets resulting from contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to the restrictions. When a donor-specified restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed restrictions or a Board-approved policy.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. The significant items in these statements that are affected by management estimates are contributions, allowance for doubtful accounts, depreciation, and the allocation of functional expenses.

Prior-Period Comparative Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Reclassifications

Certain prior-period reported amounts have been reclassified to conform to the current year presentation.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources with an original maturity of three months or less when purchased.

From time to time, cash balances may exceed federally insured limits. The Foundation has not experienced any previous losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Certificates of Deposit

The Foundation holds certificates of deposit with an original maturity of more than one year, with these instruments being reported in the accompanying statement of financial position at fair value. The certificates of deposit are considered to be level 2 investments in the fair value hierarchy.

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. Conditional pledges are recorded when such conditions have been satisfied. The Foundation has an allowance for doubtful accounts for pledges receivable of \$0 and \$42,500 at December 31, 2021 and 2020. Receivables expected to be collected in more than 12 months are recorded at the net present value of the estimated future cash flows, when such discount is determined to be material. The Foundation uses an interest rate of 3.25% to compute the discount on multi-year pledges.

Inventories, net

Inventories are carried at the lower of cost (determined on average cost basis) or net realizable value. Inventories consist of merchandise acquired for resale in the Foundation's museum store.

The Foundation records an inventory reserve for inventory of bound and paperback books and other miscellaneous merchandise based on estimated sales of these items for the upcoming year. The reserve amounts for the years ending December 31, 2021 and 2020 amounted to \$339,805 and \$349,306, respectively.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is stated at cost, if purchased, or at fair value at the date of the gift, if donated and material. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such restrictions, contributions of property and equipment are recorded as increases to net assets without donor restrictions.

Depreciation has been recorded using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Repairs, maintenance and minor acquisitions are expensed as incurred, and the Foundation uses the direct expensing method to account for planned major maintenance activities.

Long-Lived Assets

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended December 31, 2021.

Intangible Assets

Intangible assets included on the Statements of Financial Position include films and videos developed for the Museum Exhibits, a Multi-Lingual App for self-guided tours of the Museum Exhibits, and registered trademarks. Intangible assets that have a finite useful life are amortized over their useful life of five years. Intangible assets subject to amortization are reviewed for potential impairment whenever events or circumstances indicate carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. As of December 31, 2021, the Foundation does not believe these intangible assets to be impaired.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by donor restrictions or by law.

Investments in marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of financial position.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. Contributions to the Foundation are deductible for tax purposes under Section 170(c)(2) of the IRC. The Foundation is not a private foundation. The museum store, however, has certain revenue which is unrelated to the Nixon Foundation’s exempt purpose that is subject to the unrelated business income tax provisions of IRC Section 512. The Foundation has no unrelated business income tax for the years ended December 31, 2021 and 2020.

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will, more likely than not, be sustained upon examination. As of December 31, 2021, management does not believe the Foundation has any uncertain tax positions requiring accrual or disclosure. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Grants Payable

The Foundation records grants payable at the date the Foundation has unconditionally promised to transfer the promised asset to other organizations in a future period. As of December 31, 2021 all of the grants payable are due to one organization.

Fair Value Measurements and Disclosures

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. As a basis for considering market-participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market-participant assumptions. This is based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market-participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

Level 1 Inputs utilize quoted prices in active markets for identical assets or liabilities that are able to be accessed.

Level 2 Inputs utilize data other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly, and may include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs and data that are derived from, or corroborated by, observable market data at commonly quoted intervals or by other means.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements and Disclosures (Continued)

Level 3 Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair value measurements within the fair value hierarchy are based on the lowest level of any input that is significant to the measurement of a particular asset or liability. Valuations will maximize the use of observable inputs and minimize the use of unobservable inputs.

Contributions

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenue when the pledge or contribution is received. The Foundation reports unconditional contributions as restricted support if they are received with donor restrictions that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional promises at December 31, 2021.

Revenue and Revenue Recognition

The Foundation recognizes revenue when control of the promised goods or services is transferred in an amount that reflects the consideration the Foundation expects to be entitled in exchange for those goods and services. The Foundation has multiple revenue sources that are accounted for as exchange transactions, including admissions, membership fees, facility fees, and other revenue.

The Foundation recognizes revenue from ticket sales at the time of admission. Revenue from special events is recognized when the activities are held.

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Foundation recognizes the exchange portion of membership dues and the contribution portion as performance obligations are satisfied which can last between one to two years.

Revenue from facility rentals is recognized as performance obligations are satisfied.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

The Foundation receives revenue for certain auxiliary services, such as the renting of its facilities and gift shop sales. Revenue for such auxiliary services is shown net of expenses incurred in the performance of such services in the statement of activities as follows:

	<u>Facility Rentals</u>	<u>Gift Shop</u>
Revenue	\$ 1,328,999	\$ 228,305
Expenses	<u>(176,988)</u>	<u>(177,188)</u>
Net income	<u>\$ 1,152,011</u>	<u>\$ 51,177</u>

Donated Services and Assets

Donated services and assets provided to the Foundation are reflected as contributions and expenses of services in-kind in the accompanying statement of activities. Total contributed products and services during the years ended December 31, 2021 and 2020 amounted to \$0 and \$150,000, respectively. The in-kind contributions received in 2020 related to masks for both the Foundation and visitors' use during the COVID-19 pandemic.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense, which includes promotion of library programs, is reported as fundraising expense and program services expense. Advertising costs for the years ended December 31, 2021 and 2020, amounted to \$237,178 and \$124,693, respectively.

Functional Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated on a consistent basis among the program services and supporting services benefited. Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll expenses	Time and effort
Contractual services	Time and effort
Depreciation expense	Square footage

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

National Archives and Records Administration

In July 2007, the Foundation finalized the Occupancy Agreement (the “Agreement”) with the National Archives and Records Administration (NARA) to display Presidential materials generated during President Nixon’s tenure in office. Pursuant to the Agreement, the Foundation granted to NARA exclusive rights and access to the use of certain physical properties and equipment of the Foundation. Accordingly, the Foundation donated to the United States, the rights, title and any interest it may have in certain exhibits located in the museum exhibition galleries of the Library. It was also agreed upon that NARA provide security for the entire site and that NARA and the Foundation jointly share in maintenance and utility costs equal to the percentage of the overall square footage of the building that they occupy. In addition, the Foundation shares approximately 50% of admission revenue with NARA, as calculated under the terms of the Agreement. During the year ended December 31, 2021, \$80,810 was remitted to NARA in accordance with the terms of the Agreement.

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date December 31, 2021, comprise the following:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 1,487,179	\$ 1,074,949
Certificate of deposit	-	404,853
Pledges and other receivables, net	42,006	52,564
Investments	<u>49,735,568</u>	<u>45,659,897</u>
	51,264,753	47,192,263
Less those unavailable for general expenditure within one year:		
Purpose-restricted funds	(825,078)	(665,975)
Rebozo trust	(32,880,737)	(30,686,674)
Perpetual General & Rebozo Endowment	<u>(13,501,080)</u>	<u>(13,501,080)</u>
	<u>\$ 4,057,858</u>	<u>\$ 2,338,534</u>

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Liquidity and Availability (Continued)

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has an unused committed line of credit with a capacity of \$2,000,000, which it could draw upon. Furthermore, the Foundation anticipates releasing between 3 – 4% of the Rebozo Trust Endowment in the next 12 months for general expenditures which had a balance of \$32,880,737 as of December 31, 2021. In addition, the Foundation is permitted to use the investment earnings on the Perpetual General & Rebozo Endowment for general expenditures which had a balance of \$13,501,080 as of December 31, 2021.

NOTE 3 – Pledges Receivable, net

Pledges receivable are expected to be collected as follows:

	December 31,	
	2021	2020
Amounts due in:		
One year	\$ 15,143	\$ 61,847
Two to 5 years	25,000	62,500
More than 5 years	<u>5,000</u>	<u>-</u>
	<u>45,143</u>	<u>124,347</u>
Present value discount	(3,137)	(29,283)
Allowance for doubtful accounts	<u>-</u>	<u>(42,500)</u>
	<u>(3,137)</u>	<u>(71,783)</u>
Pledge receivable, net	<u>\$ 42,006</u>	<u>\$ 52,564</u>

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 4 – Investments

The following schedule summarizes investments, which are carried at fair value:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Fixed Income & Equity				
Mutual Funds	\$ 20,083,694	\$ 35,923,547	\$ 25,815,072	\$ 31,176,700
Stocks	1,759,236	2,741,979	1,819,423	2,751,555
Non-U.S. Securities	93,760	119,200	52,045	58,099
Alternatives	<u>10,950,842</u>	<u>10,950,842</u>	<u>11,673,543</u>	<u>11,673,543</u>
	<u>\$ 32,887,532</u>	<u>\$ 49,735,568</u>	<u>\$ 39,360,083</u>	<u>\$ 45,659,897</u>

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

	Fair Value Measurements			Total	
	Level 1	Level 2	Level 3	2021	2020
Fixed Income & Equity					
Mutual Funds	\$35,923,547	\$ -	\$ -	\$35,923,547	\$ 31,176,700
Stocks	2,741,979	-	-	2,741,979	2,751,555
Non-U.S. Securities	119,200	-	-	119,200	58,099
Alternatives	<u>-</u>	<u>-</u>	<u>10,950,842</u>	<u>10,950,842</u>	<u>11,673,543</u>
	<u>\$38,784,726</u>	<u>\$ -</u>	<u>\$10,950,842</u>	<u>\$49,735,568</u>	<u>\$ 45,659,897</u>

Investment gains and losses consisted of the following for the year ended December 31, 2021:

Dividends and interest	\$ 720,081
Unrealized gains on investments	150,877
Realized gains on sales of investments	4,318,113
Investment fees	<u>(100,515)</u>
Net investment gain	<u>\$ 5,088,556</u>

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 5 – Property and Equipment, net

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,993,000	\$ 1,993,000
Buildings and improvements	33,606,257	33,576,867
Displays and fixtures	3,559,329	3,566,798
Equipment	704,033	694,003
Construction in progress	<u>1,064,495</u>	<u>1,123,697</u>
	40,927,114	40,954,365
Less accumulated depreciation	<u>(29,782,038)</u>	<u>(28,824,773)</u>
Total property and equipment, net	<u>\$11,145,076</u>	<u>\$12,129,592</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 amounted to \$1,020,103 and \$1,267,664, respectively.

Construction in progress is comprised of several projects including classroom and film projects and campus expansion. The total costs of the projects are expected to be approximately \$1,144,000. The projects are expected to be placed in service through 2023.

NOTE 6 – Intangible Assets, net

Intangible assets consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Film	\$ 1,636,015	\$ 1,636,015
Internally developed software	110,455	110,455
Trademark	143,645	141,332
Publication	<u>14,804</u>	<u>14,804</u>
	1,904,919	1,902,606
Less accumulated amortization	<u>(1,742,472)</u>	<u>(1,479,441)</u>
Total intangible assets, net	<u>\$ 162,447</u>	<u>\$ 423,165</u>

Total amortization expense for the years ended December 31, 2021 and 2020 amounted to \$263,031 and \$359,598, respectively.

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 7 – Grants Payable

Grants payable are expected to be paid over the following years ending December 31:

<u>Year Ending December 31,</u>	
2022	\$ 180,000
2023	180,000
2024	180,000
2025	<u>135,000</u>
	675,000
Less present value discount	<u>(31,070)</u>
	<u>\$ 643,930</u>

NOTE 8 – Line of Credit

In May 2018, the Foundation entered into a variable rate revolving line of credit agreement with Pacific Mercantile Bank allowing for maximum borrowings of \$2,000,000. The specific purpose of the line of credit is to provide working capital to the Foundation as determined necessary by management. The line of credit bears an interest rate at the WSJ Prime Rate plus 1% (4.25% at December 31, 2021) with a floor limit of 4.50%. The line is due May 31, 2024. Collateral on this line of credit includes, but is not limited to, the Foundation's inventory, fixed assets, general intangibles, and all cash and endowment accounts, including the Rebozo Trust. The line of credit is subject to certain restrictive covenants. As of December 31, 2021, the Foundation was in compliance with these covenants or has received an extension. There was no outstanding balance on this line of credit as of December 31, 2021.

NOTE 9 – Loan Payable

In May 2018, the Foundation entered into a variable rate term loan with Pacific Mercantile Bank (the Bank) in the amount of \$7,625,000. The terms of the loan are a 15-year mortgage with a rate reset after the first five years, requires payments of principal and interest at 4.61% per annum for the first 60 months, at which point the interest rate becomes equal to the United States Treasury 5-Year Constant Maturity, plus a margin of 2.9%. The loan is secured by a deed of trust on The Richard Nixon Presidential Library & Museum property. The loan is subject to certain restrictive covenants. As of December 31, 2021, the Foundation is in compliance with these covenants.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 9 – Loan Payable (Continued)

Interest expense on all bank debt amounted to \$329,244 and \$341,233 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, the outstanding balance on this loan was \$6,997,791.

The maturities of the term loan for each year ending after December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 195,121
2023	189,825
2024	189,196
2025	201,557
2026	213,562
Thereafter	<u>6,008,530</u>
	<u>\$ 6,997,791</u>

NOTE 10 – PPP Loan Advance

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In April 2020, the Foundation received a loan in the amount of \$600,000 through the PPP. In December 2020, the Foundation received notification from the Small Business Administration (SBA) that the loan was forgiven in full. The Foundation has recognized the forgiveness as income in the statement of activities and changes in net assets.

In January 2021, the SBA announced a second draw of Paycheck Protection Program loans for eligible entities. In January 2021, the Foundation received its second PPP loan advance in the amount of \$600,000. In August 2021, the Foundation received notification from the SBA that the loan was forgiven in full. The Foundation has recognized the forgiveness as income in the statement of activities and changes in net assets.

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 11 – Commitments and Contingencies

Business Risks Associated with the Impact of COVID-19

The Foundation's operations were affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The Foundation continues to actively monitor the current impacts of and responses to COVID-19 and its related risks, and continues to prepare accordingly. The continued spread of COVID-19 has affected the Foundation's fundraising efforts and ancillary revenue, which continues to have an impact on the Foundation's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and management is in the process of evaluating the impact on the business and its financial statements.

NOTE 12 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, as follows:

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Net Assets with Donor Restrictions				
Subject to expenditure and specified purpose				
Exhibits and seminars	\$ 217,654	\$ 778,859	\$ 523,701	\$ 472,812
Women leading the way	61,764	-	61,764	-
Blood drive	19,322	-	5,139	14,183
Centennial campaign	29,152	29,283	58,435	-
Cabinet room experience	312,407	-	-	312,407
East Room West	25,676	-	-	25,676
	<u>665,975</u>	<u>808,142</u>	<u>649,039</u>	<u>825,078</u>
Endowment net assets subject to spending policy				
Rebozo trust	<u>30,686,674</u>	<u>3,442,063</u>	<u>1,248,000</u>	<u>32,880,737</u>
	<u>30,686,674</u>	<u>3,442,063</u>	<u>1,248,000</u>	<u>32,880,737</u>
Endowment net assets restricted in perpetuity				
General endowments	13,015,143	1,469,946	1,469,946	13,015,143
Rebozo Trust Endowment	485,937	-	-	485,937
	<u>13,501,080</u>	<u>1,469,946</u>	<u>1,469,946</u>	<u>13,501,080</u>
Total net assets with donor restrictions	<u>\$ 44,853,729</u>	<u>\$ 5,720,151</u>	<u>\$ 3,366,985</u>	<u>\$ 47,206,895</u>

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 13 – Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the 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 restrictions to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of the subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

General Endowment

Investment and Spending Policies - The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its general endowment assets, while seeking to maintain the purchasing power of these endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and mutual funds, that is intended to result in a consistent rate of return that has sufficient liquidity to make an annual distribution of all investment earnings on those endowment assets.

The Foundation has a target for appropriations for distribution each year of all of the investment earnings of those general endowment assets. In establishing this practice, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effect of inflation.

Rebozo Endowment

In May 1998, the Foundation was named as a principal beneficiary of the Charles G. Rebozo Revocable Trust (Rebozo Trust). All funds bequeathed to the Foundation from the Rebozo Trust have been placed in a designated endowment fund. Beginning in 2003 and continuing over a five-year period, 4% of the fund balance at the end of each year was authorized for release during the following year for operating expenses.

THE RICHARD NIXON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 13 – Endowment Funds (Continued)

Rebozo Endowment (Continued)

Every three years, the Designated Individuals of the Rebozo Trust (the “Designated Individuals”) can vote unanimously to decide on whether to adjust the future distribution percentage but, in no event, can the Designated Individuals modify the percentage to a figure that is less than the greater of the modified percentage for such a period, or 3.0%. If for any reason there is a failure to fix a modified percentage, the percentage shall be 3.0%. For each of the years ended December 31, 2021 and 2020, the distribution percentage was 4% and 3%, respectively.

Changes in endowment net assets for the years ended December 31, 2021 and 2020, are as follows:

	<u>Specified Purpose (Rebozo)</u>	<u>In Perpetuity (General and Rebozo)</u>	<u>Total Endowment Assets</u>
Endowment net assets, December 31, 2019	\$ 28,209,295	\$ 13,501,080	\$ 41,710,375
Investment return, net	3,527,379	2,221,838	5,749,217
Appropriations	<u>(1,050,000)</u>	<u>(2,221,838)</u>	<u>(3,271,838)</u>
Endowment net assets, December 31, 2020	30,686,674	13,501,080	44,187,754
Investment return, net	3,442,063	1,469,946	4,912,009
Appropriations	<u>(1,248,000)</u>	<u>(1,469,946)</u>	<u>(2,717,946)</u>
Endowment net assets, December 31, 2021	<u>\$ 32,880,737</u>	<u>\$ 13,501,080</u>	<u>\$ 46,381,817</u>

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

NOTE 14 – Retirement Plan

The Foundation has a qualified safe harbor 401(k) plan in which all employees with 250 hours of service within the first three months of employment and a minimum age of 21 years, are eligible to participate in the Plan.

The Foundation's matching contribution is 100% of contributions up to 4% of compensation. Matching contributions are determined each payroll period.

For the years ended December 31, 2021 and 2020, the Foundation's provision for the 401(k) plan totaled \$58,929 and \$158,230, respectively.

NOTE 15 – Subsequent Events

The Foundation evaluated all events and transactions through August 31, 2022, the date the financial statements were available to be issued. Management believes that no event occurred subsequent to December 31, 2021 that is required to be disclosed in the financial statements.