



THE MACDOWELL COLONY, INC.

Consolidated Financial Statements
For the Year Ended December 31, 2019

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The MacDowell Colony, Inc.

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The MacDowell Colony, Inc. (the Colony), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The MacDowell Colony, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited The MacDowell Colony, Inc.'s 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 25 and 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Melanson Heath

April 29, 2020

THE MACDOWELL COLONY, INC.

Consolidated Statement of Financial Position

December 31, 2019

(With Comparative Totals as of December 31, 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 843,585	\$ 3,300	\$ 846,885	\$ 657,515
Accounts receivable	5,357	-	5,357	4,179
Contributions receivable, in less than one year	49,438	113,500	162,938	129,629
Other assets	421,392	150,000	571,392	303,300
Total Current Assets	<u>1,319,772</u>	<u>266,800</u>	<u>1,586,572</u>	<u>1,094,623</u>
Noncurrent Assets:				
Contributions receivable, in more than one year	17,000	-	17,000	60,700
Investments	13,549,357	26,485,002	40,034,359	31,743,159
Property and equipment, net	10,832,880	-	10,832,880	10,996,601
Total Noncurrent Assets	<u>24,399,237</u>	<u>26,485,002</u>	<u>50,884,239</u>	<u>42,800,460</u>
Total Assets	<u>\$ 25,719,009</u>	<u>\$ 26,751,802</u>	<u>\$ 52,470,811</u>	<u>\$ 43,895,083</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 231,767	\$ -	\$ 231,767	\$ 90,248
Accrued liabilities	102,598	-	102,598	83,407
Line of credit	-	-	-	445,000
Refundable advance	62,540	-	62,540	-
Current portion of mortgage payable	71,589	-	71,589	69,322
Total Current Liabilities	<u>468,494</u>	<u>-</u>	<u>468,494</u>	<u>687,977</u>
Noncurrent Liabilities:				
Mortgage payable, net of current portion	2,277,601	-	2,277,601	2,349,190
Other liabilities	3,626	-	3,626	5,440
Total Noncurrent Liabilities	<u>2,281,227</u>	<u>-</u>	<u>2,281,227</u>	<u>2,354,630</u>
Total Liabilities	<u>2,749,721</u>	<u>-</u>	<u>2,749,721</u>	<u>3,042,607</u>
Net Assets:				
Without donor restrictions:				
Undesignated	20,801,358	-	20,801,358	19,203,149
Board designated	2,167,930	-	2,167,930	1,654,398
With donor restrictions:				
Time or purpose restricted	-	12,261,634	12,261,634	8,348,969
Perpetual in nature - income unrestricted	-	4,130,578	4,130,578	3,900,094
Perpetual in nature - income restricted	-	10,359,590	10,359,590	7,745,866
Total Net Assets	<u>22,969,288</u>	<u>26,751,802</u>	<u>49,721,090</u>	<u>40,852,476</u>
Total Liabilities and Net Assets	<u>\$ 25,719,009</u>	<u>\$ 26,751,802</u>	<u>\$ 52,470,811</u>	<u>\$ 43,895,083</u>

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

THE MACDOWELL COLONY, INC.

Consolidated Statement of Activities

For the Year Ended December 31, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	2019		2019 Total	2018 Total
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE				
Contributions:				
Individuals	\$ 585,403	\$ 2,449,982	\$ 3,035,385	\$ 684,824
Foundations	364,104	560,798	924,902	390,077
Corporations	30,000	20,000	50,000	51,200
Bequests	314,491	489,997	804,488	579,810
Government grants	35,000	-	35,000	30,000
In-kind contributions	567,067	-	567,067	5,940
Events:				
National benefit	473,197	-	473,197	641,946
Medal Day	82,621	-	82,621	57,391
Other special events	106,491	-	106,491	70,654
Less cost of direct benefits to donors	(218,785)	-	(218,785)	(187,808)
Net special events revenue	443,524	-	443,524	582,183
Other income:				
Gain/(loss) on sale of assets	(233,769)	-	(233,769)	405,885
Application fees	58,899	-	58,899	53,511
Other	77,252	-	77,252	62,878
Interest income	1,161	-	1,161	299
Net assets released from restrictions	1,110,523	(1,110,523)	-	-
Total Support and Revenue	3,353,655	2,410,254	5,763,909	2,846,607
EXPENSES				
Program	3,188,838	-	3,188,838	2,968,194
Management and general	1,003,689	-	1,003,689	1,071,066
Fundraising	972,521	-	972,521	889,320
Total Expenses	5,165,048	-	5,165,048	4,928,580
Change in Net Assets Before Net Investment Return	(1,811,393)	2,410,254	598,861	(2,081,973)
RETURN ON INVESTMENTS				
Interest and dividends	362,888	695,237	1,058,125	937,913
Unrealized gain (loss) on investments	2,169,747	4,017,862	6,187,609	(2,525,770)
Realized gains on investments	419,722	701,420	1,121,142	156,917
Investment expense	(97,123)	-	(97,123)	(89,379)
Total Return on Investments	2,855,234	5,414,519	8,269,753	(1,520,319)
Reclassification of Investment Return Based on Donor Restrictions	1,067,900	(1,067,900)	-	-
Net Investment Return	3,923,134	4,346,619	8,269,753	(1,520,319)
Change in Net Assets	2,111,741	6,756,873	8,868,614	(3,602,292)
Net Assets, Beginning of Year	20,857,547	19,994,929	40,852,476	44,454,768
Net Assets, End of Year	\$ 22,969,288	\$ 26,751,802	\$ 49,721,090	\$ 40,852,476

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

THE MACDOWELL COLONY, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	2019				
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Personnel expense:					
Salaries and wages	\$ 1,258,517	\$ 442,462	\$ 553,363	\$ 2,254,342	\$ 2,059,145
Payroll taxes	92,494	33,580	41,261	167,335	152,555
Employee benefits	247,655	27,614	53,427	328,696	322,095
Retirement benefits	114,663	29,196	48,369	192,228	163,549
Subtotal personnel expense	<u>1,713,329</u>	<u>532,852</u>	<u>696,420</u>	<u>2,942,601</u>	<u>2,697,344</u>
Artist financial aid	118,366	-	-	118,366	113,183
Conferences and meetings	2,459	9,307	3,594	15,360	21,206
Depreciation	405,075	134,118	47,317	586,510	574,813
Equipment and furnishings	65,118	1,957	54,498	121,573	115,391
Event catering and venue costs	8,293	13,490	148,563	170,346	157,041
Food	136,504	-	2,690	139,194	134,454
Information technology	53,442	24,272	29,883	107,597	86,591
Insurance	74,785	21,222	3,874	99,881	98,720
Interest	14,372	57,489	23,954	95,815	94,637
Miscellaneous	2,736	6,544	36,023	45,303	13,596
Occupancy and utilities	177,677	24,270	9,199	211,146	233,275
Office	5,555	53,642	20,716	79,913	77,384
Panelist honorariums	59,850	-	-	59,850	30,100
Printing and mailing	34,542	11,923	21,090	67,555	77,209
Professional fees and contract services	44,378	70,759	74,957	190,094	275,990
Repairs and maintenance	133,453	4,831	750	139,034	117,632
Supplies	26,362	8,360	2,000	36,722	46,510
Taxes	-	16,057	-	16,057	16,050
Travel	112,542	12,596	15,778	140,916	135,262
Total expenses by function	<u>3,188,838</u>	<u>1,003,689</u>	<u>1,191,306</u>	<u>5,383,833</u>	<u>5,116,388</u>
Less expenses included on the Statement of Activities for the cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(218,785)</u>	<u>(218,785)</u>	<u>(187,808)</u>
Total Functional Expenses	<u>\$ 3,188,838</u>	<u>\$ 1,003,689</u>	<u>\$ 972,521</u>	<u>\$ 5,165,048</u>	<u>\$ 4,928,580</u>

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

THE MACDOWELL COLONY, INC.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 8,868,614	\$ (3,602,292)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	586,510	574,812
(Gain)/Loss on disposal of property and equipment	233,769	(405,885)
Net unrealized (gain) loss on investments	(6,187,609)	2,525,770
Net realized (gain) loss on investments	(1,121,142)	(156,917)
Restricted contributions	(2,843,600)	(221,001)
Donated property and equipment	(275,000)	-
Decrease (Increase) In:		
Accounts receivable	(1,178)	21,487
Contributions receivable	10,391	85,390
Other current assets	(268,092)	(8,508)
(Decrease) Increase In:		
Accounts payable	141,519	(48,936)
Accrued liabilities	19,191	6,532
Other liabilities	(1,814)	(1,813)
Refundable advance	62,540	-
Net Cash Used By Operating Activities	<u>(775,901)</u>	<u>(1,231,361)</u>
Cash Flows From Investing Activities:		
Purchase of investments	(4,001,771)	(1,306,139)
Proceeds from sales of investments	3,019,322	2,044,944
Purchases of property and equipment	(381,558)	(233,429)
Proceeds from sale of property and equipment	-	626,335
Net Cash Provided (Used) By Investing Activities	<u>(1,364,007)</u>	<u>1,131,711</u>
Cash Flows From Financing Activities:		
Proceeds from line of credit	-	200,000
Principal payments on line of credit	(445,000)	(250,000)
Principal payments on mortgage	(69,322)	(77,128)
Proceeds from restricted contributions	2,843,600	221,001
Net Cash Provided By Financing Activities	<u>2,329,278</u>	<u>93,873</u>
Net Change in Cash and Cash Equivalents	189,370	(5,777)
Cash and Cash Equivalents, Beginning of Year	<u>657,515</u>	<u>663,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 846,885</u>	<u>\$ 657,515</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ 95,815</u>	<u>\$ 94,637</u>

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

THE MACDOWELL COLONY, INC.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Organization

The MacDowell Colony, Inc.'s (the Colony) mission is to promote the arts of music, literature, drama, architecture, painting, sculpture, and other fine arts. The Colony supports the creation of new works of art by providing residencies of up to 2 months to approximately 300 creative individuals of the highest talent selected from the widest possible range of perspective and demographics. Consisting primarily of 32 separate studios and 13 support buildings sited amidst woods and fields on a 450-acre property in Peterborough, New Hampshire, the Colony offers artists in residence uninterrupted time and seclusion in a stimulating community of other artists, thereby hoping to enhance the process of artistic creativity. Through education and community benefit programs, publications, presentations and other activities, The MacDowell Colony, Inc. increases understanding and appreciation of the arts and its value to the public.

2. Significant Accounting Policies

Change in Accounting Principle

The Colony has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended, and ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as management believes these standards improve the usefulness and understandability of the Colony's financial reporting.

ASU 2014-09 and 2018-08 have been implemented in 2019, and the presentation in these consolidated financial statements has been adjusted accordingly. Analysis of various provisions of these standards resulted in no significant change in the way the Colony recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements (presented in these consolidated financial statements as comparative financial information) were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the new standards.

Principles of Consolidation

During fiscal year 2012, the Colony formed New High Street, LLC, a New Hampshire Limited Liability Company, for the sole purpose of acquiring certain real estate located

adjacent to its facility (see Note 17). The Colony is the sole member of New High Street, LLC.

The accompanying consolidated financial statements include the accounts of The MacDowell Colony, Inc. and its wholly owned limited liability company, New High Street, LLC. All inter-organization transactions have been eliminated.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior-year 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Contributions Receivable

Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions revenue in the Consolidated Statement of Activities. The allowance for uncollectible contributions is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statement of Financial Position. Net investment return/(loss) is reported in the Consolidated Statement of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

The Colony utilizes a pooled-investment-fund basis of managing its investments. Unless otherwise restricted by the donor, investment income and realized and unrealized gains

and losses are reported as increases or decreases in net assets without donor restrictions. Investment gains, losses, and income are allocated to donor-restricted funds based on their proportionate share of the pooled investments. Investment losses on donor-restricted assets will not reduce the value of said assets below the historical value of the original gift. Any excess loss will reduce certain net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss will reduce net assets without donor restrictions.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the Consolidated Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Assets not in service are not depreciated.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in 2019 or 2018.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity while permitting the Colony to expend income generated in accordance with the

provisions of additional donor imposed stipulations or a Board approved spending policy. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Colony recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. The Colony records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Colony has established a planned giving program to acknowledge donors who have indicated they have included the Colony in their estate plans. These conditional pledges are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met, and consist of bequests and gifts of life insurance proceeds.

Revenues derived from providing program services are recognized as the services are provided. Program service fees paid in advance are deferred to the period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying event takes place.

Donated Services and In-Kind Contributions

The Colony periodically receives contributions in a form other than cash or investments. Contributed property and equipment is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Colony's capitalization policy. Donated works of art are recognized as an asset at estimated fair value at the date of gift, whereas they are not part of a collection. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Colony benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Colony's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. Generally Accepted Accounting Principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Consolidated Statement of Activities. The Consolidated Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The Colony reports as the change in net assets before net investment return all program, administrative, and fundraising activity, excluding investment return and the reclassification of the investment return based on donor restrictions.

Income Taxes

The MacDowell Colony, Inc. has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions, and has been determined not to be a private foundation. The Colony is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Colony is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. In 2019 and 2018, the Colony was subject to unrelated business income tax and did file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and organizations supportive of the Colony's mission. Investments are made by diversified investment managers whose performance is monitored by the Investment

Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Investment Committee believes that its investment policies and guidelines are prudent for the long-term welfare of the Colony.

Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

When available, the Colony measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for certain assets and liabilities that the Colony is required to measure at fair value (for example, unconditional contributions receivable and in-kind contributions).

The primary uses of fair value measures in the Colony's financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets, works of art, and unconditional contributions receivable.
- Recurring measurement of investments (Note 5).
- Recurring measurement of line of credit (Note 7).
- Recurring measurement of mortgage payable (Note 8).

The carrying amounts of cash and cash equivalents, accounts and contributions receivable, other assets, accounts payable, accrued liabilities, and other liabilities approximate fair value due to their short-term nature. The carrying amount of contributions receivable due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value.

New Accounting Standards to be Adopted in the Future

Leases

In February 2016, Accounting Standards Update (ASU) 2016-02, *Leases*, was issued. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right of use asset and lease liability on the Consolidated Statement of Financial Position at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the Consolidated Statement of Activities. This ASU will be effective for the Colony for the year ending December 31, 2021. The Colony is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statement of Financial Position date, are comprised of the following at December 31:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 846,885	\$ 657,515
Accounts receivable	5,357	4,179
Contributions receivable	179,938	190,329
Investments	<u>40,034,359</u>	<u>31,743,159</u>
Total financial assets	41,066,539	32,595,182
Less amounts not available to be used within one year:		
Net assets with donor restrictions	26,751,802	19,994,929
Less:		
Other assets not available for spending	(150,000)	(150,000)
Net assets with purpose restrictions to be met in less than one year	(489,887)	(295,462)
Donor-restricted endowment subject to spending policy rate (5%) and appropriation	<u>(995,693)</u>	<u>(706,224)</u>
	25,116,222	18,843,243
Board-designated endowment	2,167,930	1,654,398
Less: Board-designated endowment annual spending policy rate (5.0% of 36-month average fund value)	<u>(90,611)</u>	<u>(86,191)</u>
	2,077,319	1,568,207
Receivables to be collected in more than one year	<u>17,000</u>	<u>60,700</u>
Total amounts not available to be used within one year	<u>27,210,541</u>	<u>20,472,150</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 13,855,998</u>	<u>\$ 12,123,032</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. The portion of endowment funds that are perpetual in nature are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate as determined by the Board, as described in Note 9. Although there is no intention to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of liquidity management plan, the Colony also has a \$5,000,000 revolving line of credit available to meet cash flow needs.

4. Contributions Receivable

Unconditional contributions receivable are estimated to be collected as follows at December 31:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 162,938	\$ 129,629
Receivable in one to five years	<u>17,000</u>	<u>60,700</u>
Total	<u>\$ 179,938</u>	<u>\$ 190,329</u>

Discount to net present value has not been recorded, as it has been determined to be immaterial.

5. Investments

Investments, categorized in the fair value hierarchy as Level 1, consist of the following at December 31:

<u>Investment Type</u>	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:				
Stock funds, domestic	\$ 3,613,153	\$ 7,973,518	\$ 4,045,881	\$ 7,310,316
Stock funds, international	4,690,974	5,217,041	4,793,903	4,640,096
Short-term bond fund	116,743	116,934	116,743	113,774
High-yield bond fund	4,822,812	5,039,003	4,561,494	4,347,519
Money market funds	2,807,590	2,807,590	1,066,622	1,066,622
Common stock	10,227,106	18,416,885	9,895,155	14,096,460
Federated U.S. treasury cash	<u>463,388</u>	<u>463,388</u>	<u>168,372</u>	<u>168,372</u>
Total	<u>\$ 26,741,766</u>	<u>\$ 40,034,359</u>	<u>\$ 24,648,170</u>	<u>\$ 31,743,159</u>

6. Property, Equipment, and Depreciation

Property and equipment is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land improvements	\$ 1,081,600	\$ 1,069,391
Land	104,996	104,996
Building and building improvements	15,765,838	15,248,623
Equipment	774,908	733,952
Vehicles	274,238	255,989
Assets not being depreciated	59,100	222,956
Construction in progress	<u>206,600</u>	<u>276,513</u>
Subtotal	18,267,280	17,912,420
Less accumulated depreciation	<u>(7,434,400)</u>	<u>(6,915,819)</u>
Total	<u>\$ 10,832,880</u>	<u>\$ 10,996,601</u>

Depreciation expense totaled \$586,510 and \$574,812 for the years ended December 31, 2019 and December 31, 2018, respectively.

7. Line of Credit

In 2015, the Colony obtained a \$5 million revolving line of credit. Proceeds from drawdowns were used to fund the purchase and improvement of 521 West 23rd Street, New York, NY. Drawdowns from the line of credit are due on demand. In addition, accrued interest on the unpaid drawn down principal amount is payable monthly commencing one month after any drawdown from the line of credit. Interest on any outstanding principal will accrue at an annual rate equal to the three month LIBOR annual rate plus 1.75%. The line of credit is collateralized by securities held by the lender in the borrower's investment account. At December 31, 2019 and 2018, \$0 and \$455,000, respectively, was outstanding on the line of credit. The line of credit is categorized in the fair value hierarchy as Level 2.

8. Mortgage Payable

In 2016, the Colony purchased a second floor unit in the Artist's Condominium building, located at 521 West 23rd Street, New York, NY for the purchase price of \$5.1 million. The Colony financed the building through a 25 year, \$2,550,000 mortgage. Interest accrues at an initial rate of 3.500% until December 2, 2021, and then will accrue at the one month LIBOR rate plus 2.8%. Principal and interest is payable monthly in arrears, in

equal monthly installments during the term of the loan based on an amortization of 25 years, with a loan maturity of 10 years. The Colony may repay the loan in whole or in part after the fourth anniversary of the loan without penalty. The mortgage is secured by real and personal property located at 521 West 23rd Street, New York, NY. The following is a summary of future payments on the mortgage payable:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 71,589	\$ 82,433	\$ 154,022
2021	74,404	79,618	154,022
2022	77,088	76,934	154,022
2023	79,869	74,153	154,022
2024	82,547	71,476	154,023
Thereafter	<u>1,963,693</u>	<u>654,003</u>	<u>2,617,696</u>
Total	\$ <u>2,349,190</u>	\$ <u>1,038,617</u>	\$ <u>3,387,807</u>

This mortgage is also subject to certain annual financial covenants. Minimum unrestricted liquid assets of \$7 million and a loan-to-value ratio of 50% or less is required. As of December 31, 2019 and 2018, the Colony has met all covenants.

The fair value of the mortgage payable has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration. The fair value for the mortgage payable does not purport to represent the amounts at which the debt obligation would be settled. The mortgage payable is categorized in the fair value hierarchy as Level 2.

9. Endowment Funds

The Colony's endowment consists of various individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Board-designated Endowment

As of December 31, 2019, the Board of Directors had designated \$2,167,930 of net assets without donor restrictions as a general endowment fund to support the mission of the Colony. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Donor-designated Endowments

The Board of Directors of the Colony has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Colony classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Colony in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Colony 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 and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Colony, and (7) the Colony's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Colony to retain as a fund of perpetual duration. Deficiencies of this nature are restored from net assets without donor restrictions, depending on donor stipulations. These deficiencies result from unfavorable market fluctuations that occur causing the original donor restricted contribution, plus accumulated investment earnings that, in accordance with donor stipulations, are required to be added to the original contribution, to fall below the accumulated balances. Donor stipulations for perpetually restricted-income restricted funds require the reclassification of realized and unrealized earnings to purpose-restricted net assets. Based on donor stipulations, there are no donor-restricted funds in deficit.

Investment Policy

The Colony's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected

rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Colony expects its endowment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Colony has a policy of appropriating for distribution each year 5% of its investment assets' average fair value of the prior 12 quarters through the calendar year-end preceding the year in which the distribution is planned. In establishing this policy, the Colony considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Colony expects to preserve the corpus of the endowment and allow for growth sufficient enough to support the Colony's annual spending policy. This is consistent with the Colony's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions			With Donor Restrictions			Total Net Endowment Assets
	Undesignated	Board Designated	Total Without Donor Restrictions	Time or Purpose Restricted	Perpetually Restricted	Total With Donor Restrictions	
Beginning of year	\$ 10,363,832	\$ 1,654,398	\$ 12,018,230	\$ 8,228,969	\$ 11,495,960	\$ 19,724,929	\$ 31,743,159
Investment earnings, net	2,416,666	438,568	2,855,234	2,372,634	3,041,885	5,414,519	8,269,753
Reclassification of investment return	1,067,900	-	1,067,900	1,973,377	(3,041,277)	(1,067,900)	-
Transfer to board-designated	(167,250)	167,250	-	-	-	-	-
Support/contributions added to endowment	193,601	-	193,601	77,244	2,672,800	2,750,044	2,943,645
Appropriations from endowment	<u>(2,493,322)</u>	<u>(92,286)</u>	<u>(2,585,608)</u>	<u>(507,390)</u>	<u>170,800</u>	<u>(336,590)</u>	<u>(2,922,198)</u>
End of year	<u>\$ 11,381,427</u>	<u>\$ 2,167,930</u>	<u>\$ 13,549,357</u>	<u>\$ 12,144,834</u>	<u>\$ 14,340,168</u>	<u>\$ 26,485,002</u>	<u>\$ 40,034,359</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor Restrictions			With Donor Restrictions			Total Net Endowment Assets
	Undesignated	Board Designated	Total Without Donor Restrictions	Time or Purpose Restricted	Perpetually Restricted	Total With Donor Restrictions	
Beginning of year	\$ 12,075,914	\$ 1,817,987	\$ 13,893,901	\$ 9,681,957	\$ 11,274,959	\$ 20,956,916	\$ 34,850,817
Investment earnings, net	(518,805)	(81,644)	(600,449)	(478,987)	(440,883)	(919,870)	(1,520,319)
Reclassification of investment return	(172,473)	-	(172,473)	(268,410)	440,883	172,473	-
Support/contributions added to endowment	150,070	-	150,070	18,274	200,000	218,274	368,344
Appropriations from endowment	<u>(1,170,874)</u>	<u>(81,945)</u>	<u>(1,252,819)</u>	<u>(723,865)</u>	<u>21,001</u>	<u>(702,864)</u>	<u>(1,955,683)</u>
End of year	<u>\$ 10,363,832</u>	<u>\$ 1,654,398</u>	<u>\$ 12,018,230</u>	<u>\$ 8,228,969</u>	<u>\$ 11,495,960</u>	<u>\$ 19,724,929</u>	<u>\$ 31,743,159</u>

10. Net Assets

Net assets without donor restrictions include board-designated net assets, which are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Building and equipment reserve	\$ 2,000,680	\$ 1,654,398
Chabon fellowship fund	<u>167,250</u>	<u>-</u>
Total	<u>\$ 2,167,930</u>	<u>\$ 1,654,398</u>

Net assets with donor restrictions are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Time and purpose restricted:		
Subject to expenditure for specific purpose:		
Fellowships, financial aid, and travel grants	\$ 432,885	\$ 171,335
Renovations and operations	<u>196,192</u>	<u>259,325</u>
	629,077	430,660
Accumulated donor-restricted endowment earnings subject to spending rate policy:		
Fellowships	8,089,022	5,510,262
Fellows' travel	1,962,235	1,439,989
Maintenance	1,323,819	968,058
Baldwin library operations and maintenance	<u>257,481</u>	<u>-</u>
	<u>11,632,557</u>	<u>7,918,309</u>
Total time and purpose restricted	12,261,634	8,348,969
Perpetual in nature - income unrestricted - original gift unrestricted by donors to support any activities of the Colony	4,130,578	3,900,094
Perpetual in nature - income restricted - original gift restricted by donors for:		
Fellowships	7,075,465	6,461,741
Fellows' travel	750,000	750,000
Maintenance	534,125	534,125
Baldwin library operations and maintenance	<u>2,000,000</u>	<u>-</u>
	<u>10,359,590</u>	<u>7,745,866</u>
Total	<u>\$ 26,751,802</u>	<u>\$ 19,994,929</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Fellowships, financial aid, and travel grants	\$ 299,389	\$ 328,268
Renovations and operations	<u>180,201</u>	<u>76,490</u>
	479,590	404,758
Restricted purpose spending-rate distributions and appropriations from endowment:		
Fellowships	558,624	609,693
Fellows' travel	41,637	43,477
Maintenance	<u>30,672</u>	<u>28,355</u>
	<u>630,933</u>	<u>681,525</u>
Total	\$ <u><u>1,110,523</u></u>	\$ <u><u>1,086,283</u></u>

11. Special Events, Net

Special events activities for the year ended December 31, 2019 are summarized as follows:

Income from special events:	
National benefit	\$ 473,197
Meday Day	82,621
Other special events	<u>106,491</u>
	662,309
Costs of direct benefits to donors	<u>(218,785)</u>
Net special event revenue	443,524
Program event costs	(82,291)
Fundraising event other costs	<u>(59,325)</u>
Special events, net	\$ <u><u>301,908</u></u>

12. Functionalized Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and utilities, repairs and maintenance, depreciation, certain insurances, and interest, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, and certain insurances, which are allocated on the basis of estimates of time and effort.

13. Defined Contribution Plan

The Colony provides benefits for substantially all employees through the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF). The TIAA/CREF retirement system is a defined contribution plan whereby monthly contributions by the Colony are applied to individual annuities owned and controlled by each participating employee. The Colony's contributions to TIAA/CREF were \$192,228 and \$163,549 for the years ended December 31, 2019 and December 31, 2018, respectively.

14. New Hampshire Charitable Foundation

The Colony is the beneficiary of a designated fund at The New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, certain property contributed to the Foundation is held as a separate fund designated for the benefit of the Colony (the Fund). In accordance with its spending policy, the Foundation makes distributions from the Fund to the Colony. Since all property in the Fund was contributed to The New Hampshire Charitable Foundation to be held and administered for the benefit of the Colony, the Fund is not included in these consolidated financial statements.

Distributions to the Colony from the Fund totaled \$77,718 and \$76,579 for the years ended December 31, 2019 and December 31, 2018, respectively. The market value of fund assets was \$2,072,439 and \$1,917,737 as of December 31, 2019 and 2018, respectively.

15. Related Party Transactions

During 2019, the Colony entered into various transactions with members of the Board. All transactions were reviewed and approved by the Board and performed in

accordance with conflict of interest guidelines established by the New Hampshire Attorney General's Office.

16. Concentration of Risk

The Colony is supported by philanthropic contributions from the public. For the years ended December 31, 2019 and 2018, one contributor provided 35% and 10%, respectively, of the Colony's operating revenue.

17. New High Street, LLC

During fiscal year 2012, the Colony formed a New Hampshire Limited Liability Company, New High Street, LLC, to acquire land and buildings adjacent to the Colony's property. The 38-acre parcel gifted to the Peterborough Golf Association in 1900 by Edward MacDowell has been operated as a public golf course by the Monadnock Country Club, a nonprofit social club. Owing to financial difficulties, the Monadnock Country Club sought to sell the property to an entity that would welcome the club's continued operation. To facilitate the purchase and distinguish it from Colony programs, New High Street, LLC purchased the property and negotiated a multi-year lease with Monadnock Country Club for its continued operation of the property as a public golf course. In October 2016, the Monadnock Country Club closed operations and terminated the lease with New High Street, LLC. In April 2017, a one-year lease was signed with Hilltop Golf Course, LLC to reopen the golf course operations. In April 2018, the lease was renewed for an additional two-year term.

18. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

19. Subsequent Events

The COVID-19 outbreak in the United States has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our employees, and vendors all of which are

uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Subsequent events have been evaluated through April 29, 2020, the date the consolidated financial statements were available to be issued.

THE MACDOWELL COLONY, INC.

Consolidating Statement of Financial Position

December 31, 2019

	<u>The MacDowell Colony, Inc.</u>	<u>New High Street, LLC</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 818,294	\$ 28,591	\$ 846,885	\$ -	\$ 846,885
Accounts receivable	5,357	-	5,357	-	5,357
Contributions receivable, in less than one year	162,938	-	162,938	-	162,938
Other assets	<u>569,729</u>	<u>1,663</u>	<u>571,392</u>	<u>-</u>	<u>571,392</u>
Total Current Assets	1,556,318	30,254	1,586,572	-	1,586,572
Noncurrent Assets:					
Contributions receivable, in more than one year	17,000	-	17,000	-	17,000
Investments	40,034,359	-	40,034,359	-	40,034,359
Investment in New High Street, LLC	426,432	-	426,432	(426,432)	-
Property and equipment, net	<u>10,483,750</u>	<u>349,130</u>	<u>10,832,880</u>	<u>-</u>	<u>10,832,880</u>
Total Noncurrent Assets	50,961,541	349,130	51,310,671	(426,432)	50,884,239
Total Assets	\$ <u>52,517,859</u>	\$ <u>379,384</u>	\$ <u>52,897,243</u>	\$ <u>(426,432)</u>	\$ <u>52,470,811</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ 219,036	\$ 12,731	\$ 231,767	\$ -	\$ 231,767
Accrued liabilities	102,598	-	102,598	-	102,598
Refundable advance	62,540	-	62,540	-	62,540
Current portion of mortgage payable	<u>71,589</u>	<u>-</u>	<u>71,589</u>	<u>-</u>	<u>71,589</u>
Total Current Liabilities	455,763	12,731	468,494	-	468,494
Noncurrent Liabilities:					
Mortgage payable, net of current portion	2,277,601	-	2,277,601	-	2,277,601
Other liabilities	<u>-</u>	<u>3,626</u>	<u>3,626</u>	<u>-</u>	<u>3,626</u>
Total Noncurrent Liabilities	2,277,601	3,626	2,281,227	-	2,281,227
Total Liabilities	2,733,364	16,357	2,749,721	-	2,749,721
Net Assets:					
Without donor restrictions:					
Undesignated	20,864,763	363,027	21,227,790	(426,432)	20,801,358
Board designated	2,167,930	-	2,167,930	-	2,167,930
With donor restrictions:					
Time or purpose restricted	12,261,634	-	12,261,634	-	12,261,634
Perpetual in nature - income unrestricted	4,130,578	-	4,130,578	-	4,130,578
Perpetual in nature - income restricted	<u>10,359,590</u>	<u>-</u>	<u>10,359,590</u>	<u>-</u>	<u>10,359,590</u>
Total Net Assets	49,784,495	363,027	50,147,522	(426,432)	49,721,090
Total Liabilities and Net Assets	\$ <u>52,517,859</u>	\$ <u>379,384</u>	\$ <u>52,897,243</u>	\$ <u>(426,432)</u>	\$ <u>52,470,811</u>

See Independent Auditors' Report

THE MACDOWELL COLONY, INC.

Consolidating Statement of Activities

For the Year Ended December 31, 2019

	<u>The MacDowell Colony, Inc.</u>	<u>New High Street, LLC</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUE					
Contributions:					
Individuals	\$ 3,035,385	\$ -	\$ 3,035,385	\$ -	\$ 3,035,385
Foundations	924,902	-	924,902	-	924,902
Corporations	50,000	-	50,000	-	50,000
Bequests	804,488	-	804,488	-	804,488
Government grants	35,000	-	35,000	-	35,000
In-kind contributions	567,067	-	567,067	-	567,067
Events:					
National benefit	473,197	-	473,197	-	473,197
Medal Day	82,621	-	82,621	-	82,621
Other special events	106,491	-	106,491	-	106,491
Less cost of direct benefits to donors	<u>(218,785)</u>	<u>-</u>	<u>(218,785)</u>	<u>-</u>	<u>(218,785)</u>
Net special events revenue	443,524	-	443,524	-	443,524
Other income:					
Gain/(loss) on sale of assets	(233,769)	-	(233,769)	-	(233,769)
Application fees	58,899	-	58,899	-	58,899
Other	48,945	28,307	77,252	-	77,252
Interest income	<u>1,161</u>	<u>-</u>	<u>1,161</u>	<u>-</u>	<u>1,161</u>
Total Support and Revenue	5,735,602	28,307	5,763,909	-	5,763,909
EXPENSES					
Program	3,188,838	-	3,188,838	-	3,188,838
Management and general	972,116	31,573	1,003,689	-	1,003,689
Fundraising	<u>972,521</u>	<u>-</u>	<u>972,521</u>	<u>-</u>	<u>972,521</u>
Total Expenses	5,133,475	31,573	5,165,048	-	5,165,048
Change in Net Assets Before Net Investment Return	602,127	(3,266)	598,861	-	598,861
Return on investments:					
Interest and dividends	1,058,125	-	1,058,125	-	1,058,125
Unrealized gain (loss) on investments	6,187,609	-	6,187,609	-	6,187,609
Realized gains on investments	1,121,142	-	1,121,142	-	1,121,142
Investment expense	<u>(97,123)</u>	<u>-</u>	<u>(97,123)</u>	<u>-</u>	<u>(97,123)</u>
Total Return on Investments	8,269,753	-	8,269,753	-	8,269,753
Change in Net Assets	<u>8,871,880</u>	<u>(3,266)</u>	<u>8,868,614</u>	<u>-</u>	<u>8,868,614</u>
Net Assets, Beginning of Year	<u>40,912,615</u>	<u>366,293</u>	<u>41,278,908</u>	<u>(426,432)</u>	<u>40,852,476</u>
Net Assets, End of Year	<u>\$ 49,784,495</u>	<u>\$ 363,027</u>	<u>\$ 50,147,522</u>	<u>\$ (426,432)</u>	<u>\$ 49,721,090</u>

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