

**THE GILDER LEHRMAN INSTITUTE
OF AMERICAN HISTORY**

**Financial Statements
for year ended
June 30, 2017
(with Summarized Comparative
Information for 2016)**

Independent Auditor's Report

To the Board of Trustees of
The Gilder Lehrman Institute of American History

We have audited the accompanying financial statements of The Gilder Lehrman Institute of American History (the "Institute") which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of The Gilder Lehrman Institute of American History as of June 30, 2017 and the results of its activities 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 Institute's 2016 financial statements and our report dated March 15, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cordon O'Meara Mc Ginty & Donnelly LLP

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Financial Position

Assets

	June 30	
	2017	2016
Cash and cash equivalents	\$ 5,940,561	\$ 8,483,693
Investments, at fair value	14,104,726	6,587,220
Pledges receivable, net	17,553,230	18,307,923
Other receivables	377,265	176,049
Inventory	183,554	201,373
Prepaid expenses	292,256	305,873
Property and equipment, at cost (net of accumulated depreciation of \$355,635 in 2017 and \$334,950 in 2016)	60,443	67,958
Security deposits	82,875	82,875
Total assets	\$ 38,594,910	\$ 34,212,964

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 477,357	\$ 229,590
Awards payable	-	1,046,000
Unearned revenue	211,425	253,324
Total liabilities	688,782	1,528,914

Net assets

Unrestricted net assets	20,095,571	14,470,054
Temporarily restricted net assets	17,810,557	18,213,996
Total net assets	37,906,128	32,684,050
Total liabilities and net assets	\$ 38,594,910	\$ 34,212,964

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Activities
For the Year Ended June 30, 2017
(with Summarized Comparative Information for the Year Ended June 30, 2016)

	<u>2017</u>			<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 801,183	\$ 6,642,581	\$ 7,443,764	\$ 2,986,895
Educational services	1,260,520	-	1,260,520	983,938
Educational resources	99,996	-	99,996	79,354
Gala	1,106,472	-	1,106,472	1,625,719
Capital campaign funds	3,750,000	-	3,750,000	-
Sale of historical documents	48,500	-	48,500	2,214,025
Investment return, net	157,712	-	157,712	95,408
Other	71,892	-	71,892	118,112
Net assets released from restrictions	<u>7,046,020</u>	<u>(7,046,020)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>14,342,295</u>	<u>(403,439)</u>	<u>13,938,856</u>	<u>8,103,451</u>
Expenses				
Program services				
Programs and grants	7,172,706	-	7,172,706	6,388,748
Purchase of historical documents	<u>231,590</u>	<u>-</u>	<u>231,590</u>	<u>27,194</u>
Total program services	<u>7,404,296</u>	<u>-</u>	<u>7,404,296</u>	<u>6,415,942</u>
Supporting services				
Management and general	980,104	-	980,104	963,541
Fundraising	<u>714,380</u>	<u>-</u>	<u>714,380</u>	<u>652,849</u>
Total supporting services	<u>1,694,484</u>	<u>-</u>	<u>1,694,484</u>	<u>1,616,390</u>
Total expenses	<u>9,098,780</u>	<u>-</u>	<u>9,098,780</u>	<u>8,032,332</u>
Excess (deficiency) of revenue over expenses before other additions (deduction)				
	5,243,515	(403,439)	4,840,076	71,119
Other additions (deduction)				
Realized gain (loss) on sale of investments	(116,794)	-	(116,794)	370,552
Unrealized gain on investments	<u>498,796</u>	<u>-</u>	<u>498,796</u>	<u>28,890</u>
Increase (decrease) in net assets				
	5,625,517	(403,439)	5,222,078	470,561
Net assets, beginning of year	<u>14,470,054</u>	<u>18,213,996</u>	<u>32,684,050</u>	<u>32,213,489</u>
Net assets, end of year	<u>\$ 20,095,571</u>	<u>\$ 17,810,557</u>	<u>\$ 37,906,128</u>	<u>\$ 32,684,050</u>

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Functional Expenses

	Year Ended June 30							
	2017			2016				
	Programs Services	Management and General	Fundraising	Total	Programs Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,996,565	\$ 483,270	\$ 448,979	\$ 2,928,814	\$ 1,799,190	\$ 391,112	\$ 390,325	\$ 2,580,627
Professional fees	656,813	79,385	124,351	860,549	235,519	132,041	105,181	472,741
Fellowships, honorariums and awards	618,305	-	1,500	619,805	902,570	-	-	902,570
Rent and utilities	3,050	200,441	-	203,491	507	198,499	-	199,006
Grants and awards	1,523,004	-	-	1,523,004	1,450,055	-	-	1,450,055
Educational resources	102,930	260	93	103,283	208,474	1,306	9,534	219,314
Travel	1,063,969	1,473	14,594	1,080,036	1,088,712	4,536	11,213	1,104,461
Insurance	14,724	41,616	-	56,340	-	53,180	-	53,180
Communications	229,257	51,514	6,547	287,318	47,879	68,864	6,432	123,175
Office expense and supplies	123,648	48,650	13,489	185,787	70,308	41,047	22,250	133,605
Equipment	64,927	35,912	-	100,839	62,078	33,723	-	95,801
Dues and subscriptions	20,682	1,188	3,923	25,793	15,238	1,538	2,295	19,071
Meals and entertainment	507,175	2,306	87,254	596,735	331,664	5,735	84,402	421,801
Postage and delivery	201,644	11,429	8,305	221,378	161,538	12,045	15,826	189,409
Purchase of historical documents	231,590	-	-	231,590	27,194	-	-	27,194
Depreciation and amortization	-	20,685	-	20,685	-	16,156	-	16,156
Miscellaneous	46,013	1,975	5,345	53,333	15,016	3,759	5,391	24,166
Total	\$ 7,404,296	\$ 980,104	\$ 714,380	\$ 9,098,780	\$ 6,415,942	\$ 963,541	\$ 652,849	\$ 8,032,332

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Cash Flows

	Year Ended	
	June 30	
	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 5,222,078	\$ 470,561
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	20,685	16,156
Donated investments	(38,434)	(57,646)
Proceeds from sale of donated investments	38,638	58,535
Realized (gain) loss on sale of investments	116,794	(370,552)
Unrealized (gain) on investments	(498,796)	(28,890)
Decrease in pledges receivable	754,693	2,901,552
(Increase) decrease in other receivables	(201,216)	28,902
Decrease in inventory	17,819	95,956
Decrease in prepaid expenses	13,617	105,824
Increase in accounts payable and accrued expenses	247,767	45,570
Increase (decrease) in awards payable	(1,046,000)	1,046,000
(Decrease) in unearned revenue	(41,899)	(35,568)
Net cash provided by operating activities	<u>4,605,746</u>	<u>4,276,400</u>
Cash flows from investing activities		
Expenditures for property and equipment	(13,170)	(56,812)
Proceeds from sales of investments	4,670,539	4,593,466
Purchases of investments	(11,806,247)	(5,145,355)
Net cash (used in) investing activities	<u>(7,148,878)</u>	<u>(608,701)</u>
Net increase (decrease) in cash and cash equivalents	(2,543,132)	3,667,699
Cash and cash equivalents, beginning of year	<u>8,483,693</u>	<u>4,815,994</u>
Cash and cash equivalents, end of year	<u>\$ 5,940,561</u>	<u>\$ 8,483,693</u>

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements June 30, 2017

Note 1 – Nature of organization

The Gilder Lehrman Institute of American History (the “Institute”), founded by Richard Gilder and Lewis E. Lehrman, promotes the study of American history. The Institute introduces teachers to scholars for seminars and enrichment programs; supports publications and traveling exhibitions; and sponsors lectures and symposia of interest to the general public. The Institute can also own, hold or accept contributions or donations of artifacts, documents and other cultural objects, as would a museum or library.

Note 2 – Summary of significant accounting policies

Net assets

The Institute maintains two classes of net assets as follows:

- Unrestricted net assets consist of funds available for general operations.

During the 2011 fiscal year, the Institute established a \$600,000 board-designated fund for its History Schools Program. The fund, which is included in unrestricted net assets in the accompanying financial statements, was established from prior years’ surpluses and is being used towards a matching grant of \$1,000,000 from the National Endowment for the Humanities. During the 2017 and 2016 fiscal years, the Institute transferred \$4,657,793 and \$421,551, respectively, into the board-designated fund. As of June 30, 2017, the board-designated fund balance totaled \$8,679,344.

The following is a summary of the activity of the board-designated fund for the year ended June 30, 2017:

	Balance, June 30, 2016	<u>Additions</u>	<u>Expenditures</u>	Balance, June 30, 2017
History Schools Program	\$ 4,021,551	\$ 4,657,793	\$ -	\$ 8,679,344

- Temporarily restricted net assets consist of contributions restricted for a particular purpose or related to future periods.

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Contributions that are received with donor stipulations that limit the use of the donated assets are recorded as temporarily restricted support. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash equivalents

The Institute considers highly liquid investments to be cash equivalents.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)

June 30, 2017

Note 2 – Summary of significant accounting policies (continued)

Investments

Investments are recorded at fair value. The value of the Institute's investments has been determined by using publicly reported market quotes. Net realized gains or (losses) on the sale of investments are determined using the first-in, first-out method and along with the net unrealized gain or (loss) on investments, are recorded in the statement of activities.

The Institute's investments consist of the following:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 2,070,579	\$ 2,070,579	\$ 412,224	\$ 412,224
U.S. common stocks	3,154,620	4,056,693	3,242,776	3,568,373
International common stocks	846,763	757,053	953,565	1,183,346
Fixed income exchange traded fund	1,724,253	1,726,973	337,802	357,878
Equity mutual fund	5,110,646	5,493,428	941,784	1,065,399
Total	\$ 12,906,861	\$ 14,104,726	\$ 5,888,151	\$ 6,587,220

The following table represents the net investment return of the Institute for the years ended June 30, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 217,052	\$ 119,321
Capital gain distributions	-	28,604
Sub-total	217,052	147,925
Less: Investment management fees	58,598	50,225
Foreign taxes	742	2,292
Investment return, net	\$ 157,712	\$ 95,408

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)****Fair value measurement**

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The Institute's investments are all measured using Level 1 inputs. Their fair values are based on quoted prices in active markets.

Investment return recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of changes in net assets.

Historical documents

The Institute has purchased and has received donations of documents of national historical significance. The documents are primarily maintained for public exhibition, education, and research in furtherance of public service, rather than for financial gain.

In conformity with accounting policies generally followed by museums, the value of the historical documents has been excluded from the statement of financial position, and gifts of historical documents are excluded from revenue in the statement of activities. Purchases of historical documents are recorded as decreases in the statement of activities and proceeds from deaccessions are reflected as increases in the statement of activities in the year in which the items are acquired or sold.

Allowance for doubtful accounts

The Institute deems all pledges and other receivables to be collectible and, accordingly, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY**Notes to Financial Statements (continued)****June 30, 2017****Note 2 – Summary of significant accounting policies (continued)**Inventory

Inventory items are accounted for using the first-in, first-out (FIFO) method of accounting.

Property and equipment

Property and equipment is recorded at cost. The Institute capitalizes expenditures for such assets in excess of \$5,000 with an estimated useful life of greater than one year. Depreciation of property and equipment is recorded on a straight-line basis over the 5 year estimated useful life of the assets. Leasehold improvements are being amortized over the remaining term of the lease.

Unearned revenue

Unearned revenue consists of amounts paid in advance for educational seminars and workshops.

Concentrations of credit risk

The Institute's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and pledges and other receivables. The Institute places its cash and cash equivalents with quality financial institutions. At times during the year, balances in the Institute's cash and cash equivalents exceeded the FDIC insurance limit; however, the Institute has not experienced any losses in such accounts to date. The Institute's investments, which consist of cash and cash equivalents, common stocks of U.S. and International corporations, a fixed income exchange traded fund and an equity mutual fund are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statement of financial position and the statement of activities. The Institute's pledges and other receivables are deemed collectible by management. The Institute believes no significant concentrations of credit risk exist with respect to its cash and cash equivalents, investments and pledges and other receivables.

Concentration of support

The Institute is funded primarily by Richard Gilder, one of the Founders, Officers and Trustees of the Institute. During the 2012 fiscal year, The Gilder Foundation made a 10-year pledge of \$3,000,000 per year, totaling \$30,000,000, retroactive to July 1, 2010. Cash receipts for pledges from The Gilder Foundation during the 2017 fiscal year totaled approximately 31.6% of the total cash receipts for contributions and gala revenue received by the Institute.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)

June 30, 2017

Note 2 – Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset classification. 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 Institute's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Subsequent events

The Institute has evaluated subsequent events for potential recognition or disclosure through February 12, 2018, which is the date these financial statements were available to be issued.

Note 3 – Pledges receivable

Pledges receivable consist of the following as of June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Due within one year	\$ 5,040,204	\$ 4,919,987
Due in subsequent years	<u>12,631,229</u>	<u>13,512,764</u>
Total	17,671,433	18,432,751
Less: Discount of 3% in 2017 and 2016 to reduce to present value	<u>118,203</u>	<u>124,828</u>
Pledges receivable	<u>\$17,553,230</u>	<u>\$18,307,923</u>

Included in pledges receivable as of June 30, 2017 is \$12,000,000 from The Gilder Foundation and \$51,465 from James G. Basker, who is the President of The Gilder Lehrman Institute of American History.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)
June 30, 2017

Note 4 – Temporarily restricted net assets

The transactions in the temporarily restricted net assets during 2016 and 2017 were as follows:

	June 30, 2015	Additions	Net Assets Released from Restrictions	June 30, 2016	Additions	Net Assets Released from Restrictions	June 30, 2017
Gilder Foundation	\$ 18,000,000	\$ -	\$ (3,000,000)	\$ 15,000,000	\$ -	\$ (3,000,000)	\$ 12,000,000
Virginia James	2,500,000	-	(500,000)	2,000,000	-	(250,000)	1,750,000
National Endowment for the Humanities	186,138	-	(186,138)	-	-	-	-
Louis Calder Foundation	183,200	-	(83,600)	99,600	(99,600)	-	-
Silver Eagle Distributors/John Nau	117,500	-	(41,250)	76,250	-	(76,250)	-
Hayden Foundation	112,500	75,000	(7,500)	180,000	37,000	(180,000)	37,000
McInerney Family Foundation	100,000	-	(42,000)	58,000	-	(47,500)	10,500
Thomas & Paula McInerney	100,000	-	(42,000)	58,000	-	(47,500)	10,500
F.M. Kirby Foundation	95,000	-	(75,159)	19,841	37,900	(43,741)	14,000
Sidney Lapidus	72,000	-	(52,000)	20,000	2,500	(22,500)	-
Anthony & Christie DeNicola	67,000	-	(27,680)	39,320	-	(39,320)	-
John J. Pohanka Family Foundation	50,000	10,500	(50,000)	10,500	10,500	(10,500)	10,500
Robert and Kate Niehaus Foundation	50,000	50,000	(50,000)	50,000	130,000	(50,000)	130,000
Rachor Family Foundation	39,000	1,000	(1,000)	39,000	9,000	(13,500)	34,500
USS Midway	25,000	-	-	25,000	-	(25,000)	-
Lewis & Clark Trust, Inc.	23,175	23,175	(23,175)	23,175	25,000	(23,175)	25,000
Fred Maytag Family Foundation	21,000	21,000	(21,000)	21,000	21,000	(21,000)	21,000
Beth and Ravelle Curry Foundation	20,000	-	(20,000)	-	-	-	-
Charina Endowment Foundation	17,000	150,000	(17,000)	150,000	-	(50,000)	100,000
Fred C. and Mary R. Koch Foundation	14,250	-	(14,250)	-	176,000	(95,000)	81,000
Hugh and Hazel Darling Foundation	10,500	10,000	(10,500)	10,000	-	(10,000)	-
Randolph Foundation	10,000	-	(10,000)	-	10,000	-	10,000
Travis Anderson	10,000	-	(10,000)	-	-	-	-
Mark Stitzer	10,000	-	(5,000)	5,000	-	(5,000)	-
Richard and Barbara Gaby Foundation	10,000	-	(10,000)	-	10,500	-	10,500
Dian Graves Owen Foundation	7,000	7,000	(7,000)	7,000	3,500	(7,000)	3,500
Paul Sperry	5,000	5,000	(5,000)	5,000	-	(5,000)	-
Walter W. Buckley Jr.	3,500	-	(3,500)	-	-	-	-
Galvanic Group	1,000	-	(1,000)	-	-	-	-
Bank of America Corporation	-	-	-	-	500,000	-	500,000
Ambassador Frank & Kathy Baxter	-	13,000	-	13,000	10,500	(13,000)	10,500
Joseph & Diana DiMenna	-	50,000	-	50,000	60,000	(50,000)	60,000
Andrew and Wendy Fentress	-	3,000	-	3,000	-	(3,000)	-
Fry Foundation	-	-	-	-	35,000	-	35,000
Fulk Foundation (anonymous)	-	-	-	-	50,000	-	50,000
Kenneth Griffin	-	-	-	-	500,000	-	500,000
Jandon Foundation	-	3,500	-	3,500	7,000	(3,500)	7,000
Charles Koch Foundation	-	-	-	-	250,000	-	250,000

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)
June 30, 2017

Note 4 – Temporarily restricted net assets (continued)

	June 30, 2015	Additions	Net Assets Released from Restrictions	June 30, 2016	Additions	Net Assets Released from Restrictions	June 30, 2017
Lehrman Institute	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ (100,000)	\$ -
Martin R. Lewis	-	10,000	-	10,000	-	(10,000)	-
Library of America	-	86,605	-	86,605	-	(67,517)	19,088
New England Foundation	-	50,000	-	50,000	25,000	(50,000)	25,000
Ohnell Family Foundation	-	-	-	-	3,500	-	3,500
Prizeo donors	-	-	-	-	894,386	(615,924)	278,462
Shaiza Rizavi	-	24,784	-	24,784	-	(24,784)	-
Rockefeller Foundation	-	1,461,000	(1,354,750)	106,250	1,589,631	(472,077)	1,223,804
San Francisco Golden Gate	-	-	-	-	257,270	-	257,270
Seven Turns Fund	-	-	-	-	60,000	-	60,000
Silicon Valley Community Foundation	-	-	-	-	250,000	-	250,000
Sneider Foundation	-	-	-	-	20,000	-	20,000
Stapleton Charitable Trust	-	50,000	(5,000)	45,000	30,200	(50,200)	25,000
Tides Foundation	-	-	-	-	813,000	(706,864)	106,136
Restricted assets received & released	-	161,732	(161,732)	-	857,168	(857,168)	-
Less: Present value discount	(151,957)	27,128	-	(124,829)	6,626	-	(118,203)
Total	\$ 21,707,806	\$ 2,343,424	\$ (5,837,234)	\$ 18,213,996	\$ 6,642,581	\$ (7,046,020)	\$ 17,810,557

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)

June 30, 2017

Note 5 – Commitments

During March 2013, the Institute entered into a sub-lease agreement for office space, which expires May 30, 2023. The sub-lease requires annual base rent of \$165,750 for the first five years increasing to \$200,048 in the final five years, exclusive of common area maintenance charges. The Institute shall also receive the equivalent of four months' free rent during the sub-lease term. In connection with the sub-lease, the Institute paid a security deposit of \$82,875. Under the terms of the sub-lease, the sub-landlord will return a portion of the security deposit to the Institute equal to one month's rent after the 60th month of the sub-lease term. Rent expense under the sub-lease agreement totaled \$203,491 and \$199,006 for the fiscal years ended June 30, 2017 and June 30, 2016, respectively.

As of June 30, 2017, the future minimum annual rental payments, exclusive of increases in certain operating costs of the landlord are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2018	\$ 186,023
2019	200,507
2020	206,021
2021	211,686
2022	217,508
2023	<u>204,397</u>
Total	<u>\$ 1,226,142</u>

During August 2017, the Institute entered into a new sub-lease agreement for office space. The initial term of the agreement shall commence on the date the sub-lessor delivers the premises to the Institute and shall expire on December 31, 2027. The sub-lease requires monthly rent payments of \$14,333 through December 31, 2018, increasing to \$24,885 in the final year of the agreement. The Institute shall be eligible to receive rent abatements as defined in the agreement. The Institute's current security deposit of \$82,875 (see above) shall be transferred to be used as security for the new sub-lease.

Note 6 – 401(k) Retirement plan

The Institute has a 401(k) retirement plan (the "Plan") for eligible employees. Eligible employees may contribute a portion of their salary not to exceed limits established by the Internal Revenue Code. The Institute, at its discretion, may make contributions to the Plan. During the 2017 fiscal year, the Institute made contributions to the Plan totaling \$33,729.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY**Notes to Financial Statements (continued)****June 30, 2017****Note 7 – Related party transactions**

Two Trustees of the Institute are members of a firm which provides investment management services to the Institute. The Institute does not pay the firm directly for these services. Any fees or commissions earned by the firm, either directly or indirectly, are not readily determinable.

Note 8 – Tax status

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Institute has been determined by the Internal Revenue Service to be a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code and not a private foundation. The Institute qualifies for the maximum charitable contribution deduction for donors.