

**THE GILDER LEHRMAN INSTITUTE
OF AMERICAN HISTORY**

**Financial Statements
for year ended
June 30, 2018
(with Summarized Comparative
Information for 2017)**

Independent Auditor's Report

To the Board of Trustees
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, 2018 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, 2018 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 2017 financial statements and our report dated February 12, 2018, 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, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Candon O'Meara McGinty & Donnelly LLP

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Financial Position

Assets

	June 30	
	2018	2017
Cash and cash equivalents	\$ 4,482,499	\$ 5,940,561
Investments, at fair value	27,807,913	14,104,726
Pledges receivable, net	17,580,789	17,553,230
Other receivables	240,819	377,265
Inventory	72,608	183,554
Prepaid expenses	305,208	292,256
Property and equipment, at cost (net of accumulated depreciation of \$314,125 in 2018 and \$355,635 in 2017)	498,774	60,443
Security deposit	82,875	82,875
Total assets	\$ 51,071,485	\$ 38,594,910

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 545,753	\$ 477,357
Unearned revenue	219,975	211,425
Total liabilities	765,728	688,782

Net assets

Unrestricted net assets	27,270,301	20,095,571
Temporarily restricted net assets	23,035,456	17,810,557
Total net assets	50,305,757	37,906,128
Total liabilities and net assets	\$ 51,071,485	\$ 38,594,910

See notes to financial statements.

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**Statement of Activities
For the Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue				
Contributions	\$ 660,492	\$ 15,523,931	\$ 16,184,423	\$ 7,443,764
Educational services	823,997	-	823,997	1,260,520
Educational resources	90,745	-	90,745	99,996
Gala	1,304,752	-	1,304,752	1,106,472
Capital campaign funds	5,537,939	-	5,537,939	3,750,000
Sale of historical documents	-	-	-	48,500
Investment return, net	444,689	-	444,689	157,712
Other	38,059	-	38,059	71,892
Net assets released from restrictions	<u>10,299,032</u>	<u>(10,299,032)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>19,199,705</u>	<u>5,224,899</u>	<u>24,424,604</u>	<u>13,938,856</u>
Expenses				
Program services				
Programs and grants	10,706,456	-	10,706,456	7,172,706
Purchase of historical documents	<u>166,366</u>	<u>-</u>	<u>166,366</u>	<u>231,590</u>
Total program services	<u>10,872,822</u>	<u>-</u>	<u>10,872,822</u>	<u>7,404,296</u>
Supporting activities				
Management and general	1,145,904	-	1,145,904	980,104
Fundraising	<u>799,820</u>	<u>-</u>	<u>799,820</u>	<u>714,380</u>
Total supporting activities	<u>1,945,724</u>	<u>-</u>	<u>1,945,724</u>	<u>1,694,484</u>
Total expenses	<u>12,818,546</u>	<u>-</u>	<u>12,818,546</u>	<u>9,098,780</u>
Excess of revenue over expenses before other additions (deduction)	6,381,159	5,224,899	11,606,058	4,840,076
Other additions (deduction)				
Realized gain (loss) on sale of investments	290,494	-	290,494	(116,794)
Unrealized gain on investments	<u>503,077</u>	<u>-</u>	<u>503,077</u>	<u>498,796</u>
Increase in net assets	7,174,730	5,224,899	12,399,629	5,222,078
Net assets, beginning of year	<u>20,095,571</u>	<u>17,810,557</u>	<u>37,906,128</u>	<u>32,684,050</u>
Net assets, end of year	<u>\$ 27,270,301</u>	<u>\$ 23,035,456</u>	<u>\$ 50,305,757</u>	<u>\$ 37,906,128</u>

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Functional Expenses

	Year Ended June 30			
	2018		2017	
	Programs Services	Management and General	Programs Services	Management and General
Salaries and benefits	\$ 2,281,126	\$ 548,209	\$ 1,996,565	\$ 483,270
Professional fees	333,331	112,936	656,813	79,385
Fellowships, honorariums and awards	1,109,826	-	618,305	-
Rent and utilities	96,402	175,364	3,050	200,441
Grants and awards	3,950,817	-	1,523,004	-
Educational resources	174,539	1,889	102,930	260
Travel	1,362,457	413	1,063,969	1,473
Insurance	13,529	46,635	14,724	41,616
Communications	188,220	38,986	229,257	51,514
Office expense and supplies	18,955	55,476	123,648	48,650
Equipment	91,537	81,870	64,927	35,912
Dues and subscriptions	19,664	2,000	20,682	1,188
Meals and entertainment	785,423	5,256	507,175	2,306
Postage and delivery	248,390	7,326	201,644	11,429
Purchase of historical documents	166,366	-	231,590	-
Depreciation and amortization	-	63,606	-	20,685
Miscellaneous	32,240	5,938	46,013	1,975
Total	\$ 10,872,822	\$ 1,145,904	\$ 7,404,296	\$ 980,104
			\$ 7,404,296	\$ 980,104
			\$ 5,345	\$ 5,345
			\$ 714,380	\$ 714,380
			\$ 9,098,780	\$ 9,098,780

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$12,399,629	\$ 5,222,078
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	63,606	20,685
Donated investments	(3,831,450)	(38,434)
Proceeds from sale of donated investments	3,796,217	38,638
Realized (gain) loss on sale of investments	(290,494)	116,794
Unrealized (gain) on investments	(503,077)	(498,796)
(Increase) decrease in pledges receivable	(27,559)	754,693
(Increase) decrease in other receivables	136,446	(201,216)
Decrease in inventory	110,946	17,819
(Increase) decrease in prepaid expenses	(12,952)	13,617
Increase in accounts payable and accrued expenses	68,396	247,767
(Decrease) in awards payable	-	(1,046,000)
Increase (decrease) in unearned revenue	<u>8,550</u>	<u>(41,899)</u>
Net cash provided by operating activities	<u>11,918,258</u>	<u>4,605,746</u>
Cash flows from investing activities		
Expenditures for property and equipment	(501,937)	(13,170)
Proceeds from sales of investments	9,323,136	4,670,539
Purchases of investments	<u>(22,197,519)</u>	<u>(11,806,247)</u>
Net cash (used in) investing activities	<u>(13,376,320)</u>	<u>(7,148,878)</u>
Net (decrease) in cash and cash equivalents	(1,458,062)	(2,543,132)
Cash and cash equivalents, beginning of year	<u>5,940,561</u>	<u>8,483,693</u>
Cash and cash equivalents, end of year	<u>\$ 4,482,499</u>	<u>\$ 5,940,561</u>

See notes to financial statements.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements June 30, 2018

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 2018 and 2017 fiscal years, the Institute transferred \$5,936,437 and \$4,657,793, respectively, into the board-designated fund. As of June 30, 2018, the board-designated fund balance totaled \$14,615,781.

The following is a summary of the activity of the board-designated fund for the year ended June 30, 2018:

	Balance, June 30, <u>2017</u>	<u>Additions</u>	<u>Expenditures</u>	Balance, June 30, <u>2018</u>
History Schools Program	\$ 8,679,344	\$ 5,936,437	\$ -	\$ 14,615,781

- 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.

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Notes to Financial Statements (continued)

June 30, 2018

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:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 7,981,167	\$ 7,981,167	\$ 2,070,579	\$ 2,070,579
U.S. common stocks	3,128,959	4,441,538	3,154,620	4,056,693
International common stocks	851,433	781,690	846,763	757,053
Fixed income exchange traded fund	965,099	919,939	1,724,253	1,726,973
Fixed income mutual funds	2,610,905	2,575,435	-	-
Equity mutual funds	10,569,408	11,108,144	5,110,646	5,493,428
Total	\$ 26,106,971	\$ 27,807,913	\$ 12,906,861	\$ 14,104,726

The following table represents the net investment return of the Institute for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 508,784	\$ 217,052
Less: Investment management fees	63,658	58,598
Foreign taxes	437	742
Investment return, net	\$ 444,689	\$ 157,712

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Notes to Financial Statements (continued)

June 30, 2018

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, 2018****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. During the 2018 fiscal year, fully depreciated leasehold improvements totaling \$105,116, which were related to the Institute's terminated office space lease (see note 5), were removed from the accounts of the Institute.

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 receivable. 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 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 receivable 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 receivable.

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 2018 fiscal year totaled approximately 17.8% 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, 2018

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, 2017, from which the summarized information was derived.

Subsequent events

The Institute has evaluated subsequent events for potential recognition or disclosure through September 25, 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, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 6,831,989	\$ 5,040,204
Due in subsequent years	<u>10,851,868</u>	<u>12,631,229</u>
Total	17,683,857	17,671,433
Less: Discount of 3% in 2018 and 2017 to reduce to present value	<u>103,068</u>	<u>118,203</u>
Pledges receivable, net	<u>\$17,580,789</u>	<u>\$17,553,230</u>

Included in pledges receivable as of June 30, 2018 is \$9,000,000 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, 2018

Note 4 – Temporarily restricted net assets

The transactions in the temporarily restricted net assets during 2017 and 2018 were as follows:

	June 30, 2016	Additions	Net Assets Released from Restrictions	June 30, 2017	Additions	Net Assets Released from Restrictions	June 30, 2018
Gilder Foundation	\$ 15,000,000	\$ -	\$ (3,000,000)	\$ 12,000,000	\$ -	\$ (3,000,000)	\$ 9,000,000
Virginia James	2,000,000	-	(250,000)	1,750,000	-	(290,236)	1,459,764
Hayden Foundation	180,000	37,000	(180,000)	37,000	52,504	(37,000)	52,504
Charina Endowment Fund, Inc.	150,000	-	(50,000)	100,000	5,000	(55,000)	50,000
Rockefeller Foundation	106,250	1,589,631	(472,077)	1,223,804	1,410,369	-	2,634,173
Louis Calder Foundation	99,600	(99,600)	-	-	-	-	-
Library of America	86,605	-	(67,517)	19,088	-	(19,088)	-
Silver Eagle Distributors/John Nau	76,250	-	(76,250)	-	-	-	-
McInerney Family Foundation	58,000	-	(47,500)	10,500	-	(10,500)	-
Thomas & Paula McInerney	58,000	-	(47,500)	10,500	74,945	(71,445)	14,000
Robert and Kate Niehaus Foundation	50,000	130,000	(50,000)	130,000	-	(60,000)	70,000
Joseph & Diana DiMenna	50,000	60,000	(50,000)	60,000	60,000	(60,000)	60,000
Lehrman Institute	50,000	50,000	(100,000)	-	-	-	-
New England Foundation	50,000	25,000	(50,000)	25,000	30,000	(30,000)	25,000
Stapleton Charitable Trust	45,000	30,200	(50,200)	25,000	25,000	(25,000)	25,000
Anthony & Christie DeNicola	39,320	-	(39,320)	-	-	-	-
Rachor Family Foundation	39,000	9,000	(13,500)	34,500	17,500	(17,000)	35,000
USS Midway	25,000	-	(25,000)	-	-	-	-
Shaiza Rizavi	24,784	-	(24,784)	-	-	-	-
Lewis & Clark Trust, Inc.	23,175	25,000	(23,175)	25,000	-	(25,000)	-
Fred Maytag Family Foundation	21,000	21,000	(21,000)	21,000	-	(21,000)	-
Sidney Lapidus	20,000	2,500	(22,500)	-	37,835	(2,500)	35,335
F.M. Kirby Foundation	19,841	37,900	(43,741)	14,000	40,000	(43,747)	10,253
Ambassador Frank & Kathy Baxter	13,000	10,500	(13,000)	10,500	12,000	(10,500)	12,000
John J. Pohanka Family Foundation	10,500	10,500	(10,500)	10,500	-	(10,500)	-
Hugh and Hazel Darling Foundation	10,000	-	(10,000)	-	-	-	-
Martin R. Lewis	10,000	-	(10,000)	-	-	-	-
Dian Graves Owen Foundation	7,000	3,500	(7,000)	3,500	5,000	(8,500)	-
Mark Stitzer	5,000	-	(5,000)	-	-	-	-
Paul Sperry	5,000	-	(5,000)	-	-	-	-
Jandon Foundation	3,500	7,000	(3,500)	7,000	3,500	(3,500)	3,500
Andrew and Wendy Fentress	3,000	-	(3,000)	-	-	-	3,500
Annenberg Foundation	-	-	-	-	277,500	(202,996)	74,504
Bank of America Corporation	-	500,000	-	500,000	-	-	500,000
Achelis and Bodman Foundation	-	-	-	-	100,000	-	100,000
Robert Daum	-	-	-	-	10,000	-	10,000
DDCD and Partners	-	-	-	-	1,000,000	-	1,000,000
Entertainment Industry Foundation	-	-	-	-	265,000	-	265,000

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Notes to Financial Statements (continued)
June 30, 2018

Note 4 – Temporarily restricted net assets (continued)

	June 30, 2016	Additions	Net Assets Released from Restrictions	June 30, 2017	Additions	Net Assets Released from Restrictions	June 30, 2018
Harnes Fishback Foundation	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
David and Sophia Frederick	-	-	-	-	100,000	-	100,000
Fry Foundation	-	35,000	-	35,000	35,000	(70,000)	-
Anonymous	-	50,000	-	50,000	2,100,000	(903,876)	1,246,124
Richard and Barbara Gaby Foundation	-	10,500	-	10,500	-	(10,500)	-
Anonymous	-	-	-	-	100,000	-	100,000
John Gore Organization	-	-	-	-	500,000	-	500,000
Kenneth Griffin	-	500,000	-	500,000	-	-	500,000
Kaufman Family Foundation	-	-	-	-	250,000	-	250,000
Charles Koch Foundation	-	250,000	-	250,000	-	-	250,000
Fred C. and Mary R. Koch Foundation	-	176,000	(95,000)	81,000	175,500	(102,500)	154,000
National Endowment for the Humanities	-	-	-	-	400,000	(150,000)	250,000
Ohnell Family Foundation	-	3,500	-	3,500	-	(3,500)	-
Prizeo donors	-	894,386	(615,924)	278,462	-	(278,462)	-
Randolph Foundation	-	10,000	-	10,000	-	(10,000)	-
San Francisco Golden Gate	-	257,270	-	257,270	-	(257,270)	-
Seven Turns Fund	-	60,000	-	60,000	-	(30,000)	30,000
Silicon Valley Community Foundation	-	250,000	-	250,000	265,000	(482,561)	32,439
Snider Foundation	-	20,000	-	20,000	45,000	(20,000)	45,000
Steward Family Foundation	-	-	-	-	150,000	-	150,000
Stuart Foundation	-	-	-	-	185,000	(167,500)	17,500
Tides Foundation	-	813,000	(706,864)	106,136	700,000	(490,722)	315,414
ToysRus	-	-	-	-	1,000,000	(281,539)	718,461
Ed Uihlein Family Foundation	-	-	-	-	10,000	-	10,000
US Department of Education	-	-	-	-	1,780,053	(475,000)	1,305,053
Vinik Family Foundation	-	-	-	-	50,000	-	50,000
Helen and Will Webster Foundation	-	-	-	-	1,600,000	-	1,600,000
Restricted assets received & released	-	857,168	(857,168)	-	2,562,090	(2,562,090)	-
Less: Present value discount	(124,829)	6,626	-	(118,203)	15,135	-	(103,068)
Total	\$ 18,213,996	\$ 6,642,581	\$ (7,046,020)	\$ 17,810,557	\$ 15,523,931	\$ (10,299,032)	\$ 23,035,456

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

**Notes to Financial Statements (continued)
June 30, 2018**

Note 5 – Commitments

During March 2013, the Institute entered into a sub-lease agreement for office space, which was to expire May 30, 2023. The sub-lease required annual base rent of \$165,750 for the first five years, exclusive of common area maintenance charges. In connection with the sub-lease, the Institute paid a security deposit of \$82,875. This lease was terminated during the 2018 fiscal year.

During August 2017, the Institute entered into a new sub-lease agreement for office space. The initial term of the agreement commenced during January 2018 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 security deposit of \$82,875 (see above) was transferred to be used as security for the new sub-lease.

Rent expense under the sub-lease agreements totaled \$175,364 and \$200,441 for the fiscal years ended June 30, 2018 and June 30, 2017, respectively.

As of June 30, 2018, 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>
2019	\$ 195,525
2020	222,681
2021	228,051
2022	252,643
2023	250,962
2024 and thereafter	<u>1,264,651</u>
Total	<u>\$ 2,414,513</u>

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 2018 and 2017 fiscal years, the Institute made contributions to the Plan totaling \$41,790 and \$33,729, respectively.

THE GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY

Notes to Financial Statements (continued)

June 30, 2018

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.