

**THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
MEDORA, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Theodore Roosevelt Presidential Library Foundation
Medora, North Dakota

We have audited the accompanying financial statements of Theodore Roosevelt Presidential Library Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 above present fairly, in all material respects, the financial position of Theodore Roosevelt Presidential Library Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

BRADY, MARTZ & ASSOCIATES, P.C.
FARGO, NORTH DAKOTA

July 21, 2021

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 5,035,022	\$ 11,232,151
Investments	14,406,315	51,095
Grants Receivable	45,000,000	-
Other Receivables	116	-
Current Portion of Pledges Receivable	2,746,300	-
Prepaid Assets	6,926	-
Total Current Assets	67,194,679	11,283,246
Non-Current Assets:		
Pledges Receivable, Net of Current Portion and Unamortized Discounts	5,147,727	-
Intangible Assets, Net	493,188	-
Construction in Process	1,814,898	215,107
Total Non-Current Assets	7,455,813	215,107
Total Assets	\$ 74,650,492	\$ 11,498,353

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 574,701	\$ 223,329
Accrued Expenses	164,661	56,246
Total Current Liabilities	739,362	279,575
Deferred Grant Revenue	29,109,517	-
Total Liabilities	29,848,879	279,575
Net Assets:		
Without Donor Restrictions	18,844,377	10,485,637
With Donor Restrictions	25,957,236	733,141
Total Net Assets	44,801,613	11,218,778
Total Liabilities and Net Assets	\$ 74,650,492	11,498,353

See Notes to the Financial Statements

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 5,099,858	\$ 12,351,052	\$ 17,450,910
Grant	-	19,935,928	19,935,928
Interest and Investment Income	234,863	5,290	240,153
Net Assets Released from Restrictions	7,068,175	(7,068,175)	-
Total Revenues and Other Support	12,402,896	25,224,095	37,626,991
Expenses:			
Program	2,026,215	-	2,026,215
Supporting Services:			
Management and General	1,016,194	-	1,016,194
Fundraising	1,001,747	-	1,001,747
Total Expenses	4,044,156	-	4,044,156
Change in Net Assets	8,358,740	25,224,095	33,582,835
Net Assets, Beginning of Year	10,485,637	733,141	11,218,778
Net Assets, End of Year	\$ 18,844,377	\$ 25,957,236	\$ 44,801,613
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 11,128,164	\$ 51,210	\$ 11,179,374
Grant	-	700,000	700,000
Loss on Disposal of Assets	(44,395)		(44,395)
Interest and Investment Income	4,763	-	4,763
Net Assets Released from Restrictions	38,439	(38,439)	-
Total Revenues and Other Support	11,126,971	712,771	11,839,742
Expenses:			
Program	341,046	-	341,046
Supporting Services:			
Management and General	155,172		155,172
Fundraising	186,934	-	186,934
Total Expenses	683,152	-	683,152
Change in Net Assets	10,443,819	712,771	11,156,590
Net Assets, Beginning of Year	41,818	20,370	62,188
Net Assets, End of Year	\$ 10,485,637	\$ 733,141	\$ 11,218,778

See Notes to the Financial Statements

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			
	Program	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Benefits	\$ 401,848	\$ 377,002	\$ 303,530	\$ 1,082,380
Construction Consulting	702,500	-	-	702,500
Fundraising Consulting	-	-	380,830	380,830
Institutional Planning	210,000	154,781	-	364,781
Programming and Partnerships	350,336	-	-	350,336
Grant Expense	305,000	-	-	305,000
Legal and Accounting	12,641	274,633	12,641	299,915
Public Relations and Marketing	-	-	244,418	244,418
Meetings	-	49,086	12,271	61,357
Travel	-	39,442	9,861	49,303
Payroll Taxes	19,284	13,169	14,581	47,034
Amortization	-	44,835	-	44,835
Recruiting and Search	-	38,652	-	38,652
Office Rent	11,964	12,327	11,964	36,255
Office Supplies	7,734	8,350	7,734	23,818
Insurance	4,064	2,776	3,073	9,913
Utilities	844	869	844	2,557
Miscellaneous	-	272	-	272
Total Expenses	<u>\$ 2,026,215</u>	<u>\$ 1,016,194</u>	<u>\$ 1,001,747</u>	<u>\$ 4,044,156</u>

	2019			
	Program	Supporting Services		Total
		Management and General	Fundraising	
Contract Services	\$ 157,880	\$ -	\$ 74,620	\$ 232,500
Salaries and Benefits	94,721	54,988	33,583	183,292
State Outreach	81,105	-	-	81,105
Public Relations and Marketing	-	-	67,079	67,079
Legal	-	46,208	-	46,208
Travel	-	9,111	9,111	18,222
Travel	-	14,967	-	14,967
Payroll Taxes	7,340	4,235	2,541	14,116
Professional	-	7,761	-	7,761
Office Supplies	-	9,455	-	9,455
Office Rent	-	3,680	-	3,680
Insurance	-	3,250	-	3,250
Miscellaneous Expense	-	1,517	-	1,517
Total Expenses	<u>\$ 341,046</u>	<u>\$ 155,172</u>	<u>\$ 186,934</u>	<u>\$ 683,152</u>

See Notes to the Financial Statements

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 33,582,835	\$ 11,156,590
Adjustments to Reconcile Change in Net Assets to Net Cash provided (used) by Operating Activities:		
Amortization	44,835	-
Loss on Disposal of Assets	-	44,395
Change in Value of Investments	(177,649)	(371)
Net Effects on Operating Cash Flows Due to Changes in:		
Grants Receivable, Net	(45,000,000)	-
Other Receivables	(116)	-
Pledges Receivable	(7,894,027)	-
Prepaid Assets	(6,926)	-
Accounts Payable	351,372	125,156
Accrued Expenses	108,415	56,246
Deferred Grant Revenue	29,109,517	-
	<u>10,118,256</u>	<u>11,382,016</u>
Net Cash Provided (used) by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of Investments	(14,177,571)	(50,724)
Purchase of Intangible Assets	(538,023)	(215,107)
Purchase of Property and Equipment	(1,599,791)	-
	<u>(16,315,385)</u>	<u>(265,831)</u>
Net Cash Provided (used) by Investing Activities		
Change in Cash and Cash Equivalents	(6,197,129)	11,116,185
Cash and Cash Equivalents - Beginning of Year	<u>11,232,151</u>	<u>115,966</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,035,022</u>	<u>\$ 11,232,151</u>

See Notes to the Financial Statements

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Theodore Roosevelt Presidential Library Foundation (the Foundation) is a nonprofit organization that is planning, building, and overseeing operations of the Theodore Roosevelt Presidential Library.

Basis of Presentation

The accounting and reporting principles followed by the Foundation conform with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board (FASB). Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If restrictions are satisfied during the same fiscal year of the gift, the entire transaction is reported as net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* that replaces substantially all existing accounting guidance, including industry specific guidance, related to the recognition of revenue from contracts with customers. The new accounting standard is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and provide more robust disclosures. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. FASB has issued several subsequent amendments and clarifications to the original standard.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

The Foundation adopted the requirements of the new guidance as of January 1, 2019 utilizing the modified retrospective method of transition. Therefore, the Foundation's comparative financial information has not been adjusted and continues to be reported under ASC Topic 605. The Foundation applies the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. The Foundation has determined that the application of the new guidance will not materially impact the timing or amount of revenue. Accordingly, no adjustment to beginning net assets was required and the adoption of the standard did not have a material impact on the Foundation's financial conditions, results of operations, or cash flows as of and for the years ended December 31, 2020 and 2019.

Revenue and Revenue Recognition

The Foundation recognizes revenue on contributions and grants when it has an unrestricted right to use of the funds. The Foundation uses the funds it receives for planning, building, and overseeing operations of the Theodore Roosevelt Presidential Library. This revenue is a non-exchange transaction, which is transfer of assets that is unconditional, voluntary, and nonreciprocal.

Cash and Cash Equivalents

The Foundation is including its checking, savings and money market accounts as cash and cash equivalents in these financial statements along with other highly liquid investments with an original maturity date of twelve months or fewer.

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limits as guaranteed by the Federal Deposit Insurance Corporation. The Foundation maintains its cash deposits in large, well-capitalized financial institutions. The Foundation has not experienced any losses in such accounts nor does it believe it is exposed to any significant credit risk on cash and cash equivalents.

Investments

The Foundation accounts for investments in accordance with GAAP. Under GAAP, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statements of financial position. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Related investment fees are netted against investment income as appropriate.

Grants Receivable

Grants receivable are recognized as revenue in the period the grant is earned.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

Pledges Receivable

Pledges receivable are unconditional promises to give that are recognized as contributions at the time pledges are received. Pledges receivable that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the date in which the promises are received. These promises to give are reflected as either current or long-term receivables on the statements of financial position.

Intangible Assets

Intangible assets consist of website development costs. The website is amortized using the straight-line method over 7 years.

Fair Value Measurement

GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the authoritative guidance are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2020.

Mutual funds – Mutual funds are valued at the net asset value of shares held by the Foundation at year-end based on information obtained from the security exchanges on which they are traded.

Stocks & Bonds – Valued based on the quoted market prices for publicly traded securities in an active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Donated Materials, Facilities, and Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received. The Foundation receives donated services from unpaid volunteers who assist in conducting the Foundation's programs. No amounts have been recognized in the statements of activities because the criteria for recognition under GAAP have not been met.

Donations of materials, facilities, and other non-monetary items, including purchases by the Foundation at prices significantly less than fair value, are recorded at fair value when the value is reasonably determinable for the asset received.

Advertising Costs

The Foundation expenses advertising costs as they are incurred.

Income Taxes

The Foundation is exempt from payment of federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation files its Form 990 information returns in the U.S. federal jurisdiction.

The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail based upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and payroll taxes, which are allocated based on estimates of time and effort by the Foundation's management.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12-months, the Foundation operates with a budget and anticipates collecting sufficient revenue to cover general expenditures.

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

	2020	2019
Cash and Cash Equivalents	\$ 5,035,022	\$ 11,232,151
Grants Receivable	45,000,000	-
Pledges Receivable	7,894,027	-
Investments	14,406,315	51,095
 Total Financial Assets	 72,335,364	 11,283,246
 Less Assets Limited to Use due to Donor Restrictions	 (25,957,236)	 (733,141)
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 \$ 46,378,128	 \$ 10,550,105

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization reviews its liquidity monthly with the Board of Directors.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

NOTE 3 INVESTMENTS

Costs and fair values of investments at December 31, 2020 and 2019 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>December 31, 2020</u>				
Mutual Funds	\$ 10,450,135	\$ 6,818	\$ -	\$ 10,456,953
Bonds	3,778,531	170,831	-	3,949,362
Total Investments	<u>\$ 14,228,666</u>	<u>\$ 177,649</u>	<u>\$ -</u>	<u>\$ 14,406,315</u>

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>December 31, 2019</u>				
Mutual Funds	\$ 50,724	\$ 371	\$ -	\$ 51,095
Total Investments	<u>\$ 50,724</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 51,095</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The following table presents the Foundation's fair value hierarchy of assets measured at fair value on a recurring basis:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Marketable Securities:				
Mutual Funds	\$ 10,456,953	\$ -	\$ -	\$ 10,456,953
Bonds	3,949,362	-	-	3,949,362
Total Investments	<u>\$ 14,406,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,406,315</u>

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Marketable Securities:				
Mutual Funds	\$ 51,095	\$ -	\$ -	\$ 51,095
Total Investments	<u>\$ 51,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,095</u>

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

NOTE 5 PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivables and revenue of the appropriate net asset category. Pledges receivables are recorded after discounting at a rate of four percent to the present value of the future cash flows. Included in pledges receivable are the following unconditional promises to give as of December 31, 2020 and 2019:

	2020	2019
Pledges receivable	\$ 8,664,493	\$ -
Less: unamortized discount	770,466	-
Net pledges receivable	7,894,027	-
Less: current portion	2,746,300	-
Long-term portion	\$ 5,147,727	\$ -
Amounts due in:		
Less than one year	\$ 2,746,300	\$ -
One to five years	5,700,693	-
More than five years	217,500	-
Total	\$ 8,664,493	\$ -

NOTE 6 ENDOWMENTS

The State of North Dakota adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 31, 2009. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to UPMIFA.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Foundation has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (NDUPMIFA) 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 Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any 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. Donor restricted amounts not retained in perpetuity are subject to the appropriation for expenditures by the foundation in a manner consistent with the standard prescribed in UPMIFA.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

In accordance with NDUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Foundation and the donor-restricted endowment fund;
- (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 Foundation; and
- (7) The investment policies of the Foundation.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream to fund the activities supported by the Foundation and to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period(s). The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield positive results while assuming a low level of investment risk.

Endowment net asset composition as of December 31, 2020 and 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2020</u>			
Donor-restricted Endowment Funds			
Original Donor-restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 166,335	\$ 166,335
Accumulated Investment Gains (Losses)	-	5,290	5,290
Total	\$ -	\$ 171,625	\$ 171,625
 <u>2019</u>			
Donor-restricted Endowment Funds			
Original Donor-restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 65,964	\$ 65,964
Accumulated Investment Gains (Losses)	-	371	371
Total	\$ -	\$ 66,335	\$ 66,335

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

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 NDUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

Strategies Employed for Achieving Objectives – The assets will be managed on a total return basis. While the Foundation recognizes the importance of preservation of capital, they also adhere to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Foundation’s best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Foundation is exposed. The objective is to minimize the operational risks for which they are willing to accept. To satisfy long-term rate of return objectives, the Foundation relies on an investment allocation with investments in marketable equity securities.

Spending Policy – The Foundation has a policy of appropriating for distribution each year 0 to 5 percent of the endowment fund’s average fair value over the prior three years in which the distribution is planned. The policy considers the need to maintain sufficient financial stability for the operations of the Foundation.

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2020</u>			
Endowment Net Assets, January 1, 2020	\$ -	\$ 66,335	\$ 66,335
Investment Return, Net	-	5,290	5,290
Contributions	-	100,000	100,000
	<u> </u>	<u> </u>	<u> </u>
Endowment Net Assets, December 31, 2020	<u>\$ -</u>	<u>\$ 171,625</u>	<u>\$ 171,625</u>
<u>2019</u>			
Endowment Net Assets, January 1, 2019	\$ -	\$ 15,150	\$ 15,150
Investment Return, Net	-	371	371
Contributions	-	50,814	50,814
	<u> </u>	<u> </u>	<u> </u>
Endowment Net Assets, December 31, 2019	<u>\$ -</u>	<u>\$ 66,335</u>	<u>\$ 66,335</u>

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose:		
Rob and Melani Walton Foundation Grant	\$ 17,886,314	\$ 661,561
Presidential Library Exhibits	5,025	5,025
Digital Library	245	220
Total	<u>17,891,584</u>	<u>666,806</u>
Subject to the Passage of Time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	7,894,027	-
Endowments:		
Amount in Perpetuity	166,335	65,964
Earnings Not Yet Appropriated for General Use	5,290	371
Total	<u>171,625</u>	<u>66,335</u>
Total Net Assets with Donor Restrictions	<u>\$ 25,957,236</u>	<u>\$ 733,141</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Rob and Melani Walton Foundation Grant	\$ 2,711,176	\$ 38,439
Expiration of time restrictions	4,356,999	-
Total Net Assets Released from Restrictions	<u>\$ 7,068,175</u>	<u>\$ 38,439</u>

NOTE 8 AGREEMENT WITH THE STATE OF NORTH DAKOTA

The Foundation has an agreement with the State of North Dakota which was established in the State Treasury in the North Dakota Sessions Laws 2019, Chapter 26, section 8, enacted by the 66th North Dakota Legislature and codified under North Dakota Century Code Section 54-07-12. The Act authorizes \$50,000,000 to be invested under the supervision of the Board of University and School Lands. The granting of funds to the Foundation is subject to the Foundation certifying it has received the sum of one hundred million dollars of cash donations and binding pledges donations for the construction of the Library. This requirement was met and certified during 2020.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
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The Land Board shall manage and invest the endowment fund to preserve its purchasing power and maintain stable distributions. The assets will be commingled with other assets of the Land Board for purposes of investment. The Land Board shall make annual distributions from the endowment fund in an amount equal to 4% of the endowment fund's trailing net average value calculated over the previous three fiscal years. The Foundation shall use the grant funds for the operating expenses and maintenance costs of the Foundation including the operating expense during the period of planning and construction.

The Agreement states the Foundation will make two grants. One grant will be for \$10,000,000 to a higher education institution foundation and the other grant will be \$300,000 to the City of Dickinson. The \$10,000,000 grant to a higher education institution foundation will be awarded once all the terms of the agreement have been met. The donation must be paid in installments commencing in the year in which the first grant funds are distributed to the Foundation, with the full amount being paid not later than December 31, 2021.

NOTE 9 LEASES

The Foundation rents office space under short-term leases.

NOTE 10 UNCERTAIN TAX POSITIONS

It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed. All tax filings are up-to-date.

NOTE 11 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, *Leases* (Topic 842) – During 2016, the FASB issued guidance to change the accounting for leases. The main provision of ASU 2016-02 is that lessees will be required to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Foundation for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

ASU 2020-07, *Not-for-Profit Entities* (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets - This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets and is effective for annual periods beginning after June 15, 2021, and interim periods within annual period beginning after June 15, 2022.

Management has not yet determined the effect these pronouncements will have on the Foundation's financial statements.

Except for the new standards discussed above, management has not identified any other new accounting pronouncements that have potential significant to the Foundation's financial statements.

THEODORE ROOSEVELT PRESIDENTIAL LIBRARY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

NOTE 12 SUBSEQUENT EVENTS

On March 31, 2021, the Foundation purchased Eagle Ridge Lodge for \$1,300,000. The agreement required a \$650,000 down payment and the remaining balance will be paid in annual installments of \$130,000 plus accrued interest, beginning on January 1, 2022, and continued annually on the first day of January thereafter until paid in full.

Subsequent events have been evaluated through July 21, 2021, which is the date the financial statements were available to be issued.