

FILOLI

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

# **Filoli**

## **Independent Auditors' Report and Financial Statements**

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A Century Strong

## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
FILOLI  
Woodside, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **FILOLI**, which comprise the statement of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Filoli'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 Filoli'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 Filoli 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.

*Hood + Strong LLP*

San Francisco, California  
May 10, 2021

# Filoli

## Statement of Financial Position

<i>December 31,</i>	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 3,872,823	\$ 1,916,840
Board-designated cash	56,586	299,099
Receivables, net of discount	103,167	217,074
Prepaid expenses	208,101	243,617
Inventory	284,105	233,384
Investments	482,381	194,137
Board-designated investments	11,476,195	11,703,455
Property and equipment, net	5,559,598	5,886,298
<b>Total assets</b>	<b>\$ 22,042,956</b>	<b>\$ 20,693,904</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 164,694	\$ 251,596
Deferred revenue	327,684	180,517
Accrued expenses	669,209	499,821
<b>Total liabilities</b>	<b>1,161,587</b>	<b>931,934</b>
<b>Net Assets:</b>		
Without donor restrictions:		
Operating	3,191,007	1,413,309
Property	5,559,598	5,886,298
Board-designated funds	11,532,781	12,002,554
<b>Total without donor restrictions</b>	<b>20,283,386</b>	<b>19,302,161</b>
With donor restrictions	597,983	459,809
<b>Total net assets</b>	<b>20,881,369</b>	<b>19,761,970</b>
<b>Total liabilities and net assets</b>	<b>\$ 22,042,956</b>	<b>\$ 20,693,904</b>

See the accompanying notes to the financial statements.

# Filoli

## Statement of Activities

Years ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Contributions and grants	\$ 571,125	\$ 323,201	\$ 894,326	\$ 566,798	\$ 426,372	\$ 993,170
Memberships	1,273,611		1,273,611	1,197,274		1,197,274
Programs	2,769,672		2,769,672	4,939,612		4,939,612
Retail gift shop sales	1,110,900		1,110,900	1,447,895		1,447,895
less - cost of sales	(467,456)		(467,456)	(609,186)		(609,186)
Income from beneficial trust managed by National Trust for Historic Preservation	588,191		588,191	586,912		586,912
Other income	201,261		201,261	124,294		124,294
Net assets released from restrictions	185,027	(185,027)	-	230,225	(230,225)	-
Total revenue and support	6,232,331	138,174	6,370,505	8,483,824	196,147	8,679,971
<b>Expenses:</b>						
Program services	5,009,289		5,009,289	6,218,195		6,218,195
Management and general	1,062,052		1,062,052	1,234,867		1,234,867
Fundraising	529,906		529,906	698,270		698,270
Total expenses	6,601,247	-	6,601,247	8,151,332	-	8,151,332
Change in net assets from operations	(368,916)	138,174	(230,742)	332,492	196,147	528,639
<b>Other Changes in Net Assets:</b>						
Investment income	1,751,662		1,751,662	1,877,095		1,877,095
Deaccession of museum object and other collection	19,304		19,304			-
Loss on disposal of property and equipment	(17,201)		(17,201)	(7,963)		(7,963)
Depreciation	(403,624)		(403,624)	(382,717)		(382,717)
Total other changes in net assets	1,350,141	-	1,350,141	1,486,415	-	1,486,415
<b>Change in Net Assets</b>	981,225	138,174	1,119,399	1,818,907	196,147	2,015,054
<b>Net Assets, beginning of year</b>	19,302,161	459,809	19,761,970	17,483,254	263,662	17,746,916
<b>Net Assets, end of year</b>	\$ 20,283,386	\$ 597,983	\$ 20,881,369	\$ 19,302,161	\$ 459,809	\$ 19,761,970

See the accompanying notes to the financial statements.

# Filoli

## Statement of Functional Expenses

Years ended December 31,

	2020				2019			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 2,449,283	\$ 630,491	\$ 237,747	\$ 3,317,521	\$ 3,199,460	\$ 736,451	\$ 292,958	\$ 4,228,869
Payroll taxes and benefits	594,481	99,600	51,500	745,581	704,411	125,446	63,608	893,465
Professional fees	279,287	97,276	17,435	393,998	150,003	95,223	20,559	265,785
Repairs and maintenance	320,963	37,816	9,178	367,957	351,099	46,383	10,585	408,067
Program services and supplies	263,652	12,255	88,717	364,624	600,888	43,490	154,016	798,394
Utilities	282,410	34,192	8,118	324,720	264,429	35,680	8,133	308,242
Information technology	176,176	37,856	16,435	230,467	142,983	29,608	12,263	184,854
Bank and merchant fees	145,967	24,352	13,235	183,554	175,787	28,388	11,676	215,851
Printing and publications	83,953	4,872	39,697	128,522	112,426	501	61,289	174,216
Business insurance	84,115	39,692	2,072	125,879	82,384	34,418	2,124	118,926
Garden supplies and services	112,820			112,820	182,301			182,301
Advertising	80,476		26,825	107,301	82,099		27,367	109,466
Office and general expenses	46,006	11,871	11,226	69,103	52,626	15,463	21,157	89,246
Small equipment and equipment rentals	32,299	9,954	1,627	43,880	42,795	9,927	2,001	54,723
Travel, training, conferences	19,430	8,974	1,890	30,294	49,098	22,306	6,275	77,679
Other expenses	37,971	12,851	4,204	55,026	25,406	11,583	4,259	41,248
	5,009,289	1,062,052	529,906	6,601,247	6,218,195	1,234,867	698,270	8,151,332
Depreciation	302,718	100,906		403,624	287,038	95,679		382,717
Total before cost of goods sold	5,312,007	1,162,958	529,906	7,004,871	6,505,233	1,330,546	698,270	8,534,049
Cost of goods sold	467,456			467,456	609,186			609,186
<b>Total</b>	<b>\$ 5,779,463</b>	<b>\$ 1,162,958</b>	<b>\$ 529,906</b>	<b>\$ 7,472,327</b>	<b>\$ 7,114,419</b>	<b>\$ 1,330,546</b>	<b>\$ 698,270</b>	<b>\$ 9,143,235</b>

See the accompanying notes to the financial statements.

# Filoli

## Statement of Cash Flows

<i>Years Ended December 31,</i>	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 1,119,399	\$ 2,015,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	403,624	382,717
Loss on disposal of property and equipment	17,201	7,963
Net investment gains	(1,654,799)	(1,877,484)
Change in operating assets and liabilities:		
Receivables	113,907	(117,859)
Prepaid expenses	35,516	(82,377)
Inventory	(50,721)	48,241
Accounts payable	(86,902)	(27,241)
Deferred revenue	147,167	(16,875)
Accrued expenses	169,388	120,035
<b>Net cash provided by operating activities</b>	<b>213,780</b>	<b>452,174</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(95,203)	(550,811)
Purchases of investments	(326,530)	(2,232)
Sales of investments	1,920,345	466,571
Proceeds from sale of property and equipment	1,078	1,491
<b>Net cash provided (used) by investing activities</b>	<b>1,499,690</b>	<b>(84,981)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,713,470</b>	<b>367,193</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>2,215,939</b>	<b>1,848,746</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 3,929,409</b>	<b>\$ 2,215,939</b>
<b>Supplemental Cash Flow Information:</b>		
Reconciliation of cash and cash equivalents and board-designated cash within the Statement of Financial Position to net change in cash and cash equivalents		
Cash and cash equivalents	\$ 3,872,823	\$ 1,916,840
Board-designated cash	<u>56,586</u>	<u>299,099</u>
<b>Net change in cash and cash equivalents</b>	<b>\$ <u>3,929,409</u></b>	<b>\$ <u>2,215,939</u></b>

See the accompanying notes to the financial statements.



# Filoli

## Notes to Financial Statements

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### Note 1 - Description of the Organization:

Filoli is a California nonprofit corporation formed in February 1976. Filoli's mission is to connect its rich history with a vibrant future through beauty, nature, and shared stories.

Filoli offers unique restorative experiences for the whole family every season. From the historic home and manicured gardens to a vast estate and natural trails, guests explore the beauty and tranquility of another time. Filoli also hosts seasonal activities, including tours of the home and grounds, art shows, education programs, and special events. Located between San Francisco and San Jose, California, this 654-acre estate is open to the public to visit as a guest or member.

As a site of the National Trust for Historic Preservation (National Trust), Filoli manages its land and buildings in conformity with national historic preservation standards. The National Trust has set aside the principal of, and income derived from, a fund held for the benefit of Filoli donated to the National Trust by Lurline B. Roth, the former owner of the estate, to assist in maintaining the national historic site.

### Note 2 - Summary of Significant Accounting Policies:

#### a. Basis of Presentation

The financial statements of Filoli have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), on the basis of net assets without donor restrictions and net assets with donor restrictions as follows:

*Net Assets Without Donor Restrictions:* net assets that do not contain donor restrictions. These net assets are intended for use by management and the Board of Directors for general operations.

Certain investments and cash have been designated by the Board of Directors to be used for either extraordinary expenditures and/or significant capital improvements to the property.

*Net Assets With Donor Restrictions:* net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of Filoli or by the passage of time. Filoli does not have any donor restrictions which are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

# Filoli

## Notes to Financial Statements

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b. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents consist of short-term, highly liquid investments and investments with original maturity dates of three months or less. Cash held within investments accounts which are awaiting re-investment is not considered cash and cash equivalents.

c. Investments

Investments are recorded at fair value at net asset value (NAV) as determined by the investment managers under the practical expedient method. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

The Board approved spending policy requires annual approval and is to be no more than 5% of the average year-end balance over a three-year period to support the operations and capital needs of the estate and gardens.

Generally, management expects that approximately half the allowed withdrawal will be fulfilled through earned portfolio income on an annual basis.

d. Inventory

Inventory, consisting of retail merchandise, is stated at the lower of cost (average cost method) or market.

e. Property and Equipment

Property and equipment in excess of \$2,500 is recorded at cost for purchased assets and at estimated market or appraisal value on date of donation for donated assets. Depreciation is computed using the straight-line method over lives ranging from 3 to 40 years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' useful lives or the term of the applicable lease.

f. Museum Objects and Other Collections

Filoli's museum object collection, library collections, and living collections are classified as collections under U.S. GAAP. Collection items acquired through purchase are recognized as accessions and decrease net assets without donor restrictions if purchased with net assets without donor restrictions or result in a release on the Statement of Activities of net assets with donor restrictions if purchased with assets with donor restrictions.

# Filoli

## Notes to Financial Statements

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Collection items are sold solely for the advancement of Filoli's mission and the enhancement of its collections. Proceeds from items sold are used for the acquisition of new collection items or the direct care, preservation, and conservation of existing collections. Filoli defines direct care in accordance with the American Alliance of Museums' guidelines, that is, an investment that enhances the life, usefulness or quality of collections, thereby ensuring the proceeds will continue to benefit the public. Proceeds from deaccessions or insurance recoveries are reflected in the Statement of Activities based on the nature, absence or existence of the original donor-imposed restrictions.

Museum object and library collection items are inventoried and appropriately cared for by in-house curators to preserve the collections' integrity. Similarly, living collections are inventoried and appropriately cared for by horticulturists.

Filoli maintains museum objects which are on loan from various sources. The majority of such "on loan" items are the property of the National Trust. Filoli maintains records of such items.

g. Support and Revenue Recognition

Program revenues include admissions, tours, education classes, public events, and event rental programs. Program revenues from admissions are recognized on the date of admission and all other program revenues are recognized when the event or program takes place.

Retail sales include Clock Tower Shop gift shop sales and beverage sales. Retail sales are recognized at the time of sale.

Membership dues are a combination of nonexchange and exchange transactions. Some membership levels are completely nonexchange and are recognized in accordance with the contribution guidance. For exchange transactions, judgement is used in determining the timing of when a performance obligation is satisfied. If the benefits are deemed to have no determinable term, the revenue associated with the exchange portion will be recognized upon receipt from members.

Income from the beneficial trust fund held by the National Trust is recognized when received. The National Trust transferred to Filoli \$588,191 and \$586,912 for 2020 and 2019, respectively. These amounts represent the return on the beneficial trust fund, which is equal to approximately 5% of the average beneficial trust assets over a three-year period.

Unconditional contributions are recognized as revenues at fair value when received or unconditionally promised. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Filoli had no conditional contributions in 2020 or 2019.

# Filoli

## Notes to Financial Statements

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Contributions containing donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Noncash donations, including property and donated securities, are recorded at the fair value of the gift at the date of the donation and are classified based on the presence or absence of donor restrictions. Filoli recorded approximately \$89,000 and \$82,000 of noncash donations as of December 31, 2020 and 2019, respectively.

h. Contribution of Services

Filoli utilizes the services of unpaid volunteers performing various functions who contributed approximately 6,000 and 46,100 hours for the years ended December 31, 2020 and 2019, respectively. This contributed time, while helping to further the mission of Filoli, does not meet the specified criteria for recognition and, as a result, no revenue has been recognized.

i. Income Taxes

Filoli is a tax-exempt organization pursuant to Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code and, accordingly, is exempt from federal and state income taxes on related business income.

Management has evaluated Filoli's tax positions and concluded that Filoli had maintained its tax-exempt status and had taken no uncertain tax positions that required adjustment to the financial statements as of December 31, 2020 or 2019.

j. Functional Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, directly identifiable expenses are charged to the related program or service benefited. Salaries and related benefits are charged to the functional area of the employee who incurred the expense and on time spent in the functional area for management. Occupancy related expenses are allocated to the functional area based on time and effort. Information technology and other expenses benefiting multiple functions are allocated based on head count.

# Filoli

## Notes to Financial Statements

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### k. Fair Value Measurements

Filoli carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Filoli classifies its financial assets and liabilities in one of the following three categories:

Level 1 Inputs are quoted prices unadjusted in active markets for identical assets or liabilities.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

The valuation levels are not necessarily an indication of the risk or liquidity associated with the investment. In accordance with FASB subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) practical expedient have not been classified under the fair value hierarchy.

### l. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 and these estimates could be material.

### m. Reclassifications

Certain 2019 balances have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on Filoli's change in net assets or financial position as previously reported.

### n. Recent Accounting Pronouncements

*Pronouncement Adopted:*

In March 2019, the FASB issued Accounting Standards Update (ASU) 2019-03, *Updating the Definition of Collections*. The ASU modifies the definition of the term collections and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned. If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The ASU was adopted as of January 1, 2020 on a prospective basis.

# Filoli

## Notes to Financial Statements

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### *Pronouncements Effective in the Future:*

In February 2016, FASB issued ASU 2016-02, *Leases*. Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021. Early adoption is permitted. Filoli, after careful evaluation, believes this pronouncement will not materially impact the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the required presentation for in-kind contributions other than contributed services. The first element will require separate presentation on the statement of activities and change in net assets and the second element will require additional disclosure about how the in-kind gifts were utilized (in which program or part of management and general or fundraising), donor restrictions associated with the gifts and valuation techniques employed. The ASU is effective for fiscal years beginning after June 15, 2021 with early application permitted. Filoli, after careful evaluation, believes this pronouncement will not materially impact the financial statements.

o. Subsequent Events

Filoli has evaluated subsequent events from December 31, 2020 through May 10, 2021, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

### **Note 3 - Investments:**

At December 31, 2020 and 2019, investments consisted of:

	2020	2019
TIFF Multi-Asset Fund (MAF), at NAV	\$ 11,476,195	\$ 11,703,455
Nonprofit investment fund at Silicon Valley Community Foundation (SVCF), at NAV	482,381	194,137
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	\$ 11,958,576	\$ 11,897,592

# Filoli

## Notes to Financial Statements

MAF is a globally diversified mutual fund whose ownership is primarily available for non-profit organizations. The fair value price per share of the MAF is based on the fund's NAV. The MAF investment strategy attempts to exceed the return of inflation plus 5%. The MAF can be redeemed on demand with an exit fee of 0.5% of the redemption amount. Filoli does not have any unfunded commitments.

During the year ended December 31, 2020 and 2019, \$1,920,345 and \$463,961, respectively, was withdrawn from the MAF of which \$1,393,690 in 2020 was not part of the normal annual distributions (see Note 11). For 2019, all amounts were part of the normal annual distributions.

Assets held at SVCF are pooled and income is allocated to each fund held based on a unit of participation method with a cost basis of \$410,134.

Total investment income for the years ended December 31, 2020 consists of the following:

	2020	2019
Dividends and capital gain distributions	\$ 105,250	\$ 2,232
Realized gains	197,903	37,426
Unrealized gains (losses)	1,456,896	1,840,058
Less: investment management fees	(8,387)	(2,621)
	<u>\$ 1,751,662</u>	<u>\$ 1,877,095</u>

#### Note 4 - Property and equipment:

Property and equipment as of December 31 is as follows:

	2020	2019
Land (Parcel C)	\$ 551,844	\$ 551,844
Land and building improvements	11,479,632	11,408,370
Furnishings and equipment	1,006,352	977,653
Gardening and maintenance equipment	635,598	650,251
Vehicles	208,528	208,528
Construction in progress	26,645	64,763
	<u>13,908,599</u>	<u>13,861,409</u>
Less accumulated depreciation	<u>(8,349,001)</u>	<u>(7,975,111)</u>
Net property and equipment	<u>\$ 5,559,598</u>	<u>\$ 5,886,298</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$403,624 and \$382,717, respectively.

# Filoli

## Notes to Financial Statements

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### Note 5 - Net Assets:

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Horticulture internship and apprenticeship program	\$ 292,802	\$ 304,563
Vegetable garden project	175,058	
Internship program	84,635	84,635
House flower arrangements	23,755	25,000
Gentlemen's lounge restoration	21,733	320
Drawing room restoration		28,412
Marketing initiatives		9,022
Education programs		6,857
Horticulture		1,000
	<hr/>	<hr/>
	\$ 597,983	\$ 459,809

Net assets released from donor restrictions are as follows:

	2020	2019
Horticulture internship and apprenticeship program	\$ 21,121	\$ 11,350
Horticulture	4,531	39,867
Vegetable garden project	1,813	
Drawing room restoration	78,487	22,668
Gentlemen's lounge restoration	8,567	
Historic house and garden restoration	6,422	10,854
House flower arrangements	1,245	
Education programs	15,333	42,008
Marketing initiatives	9,022	40,978
Interpretation	10,000	9,000
Collection digitization		5,000
Public events	3,486	48,500
Facility master plan	25,000	
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	\$ 185,027	\$ 230,225



# Filoli

## Notes to Financial Statements

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### **Note 6 - Commitments and Contingencies:**

The National Trust is responsible for the operations of Filoli under the terms of a cooperative agreement originally dated July 1, 1976 and revised on September 30, 2017. Additionally, the National Trust lends certain fine art object collections to Filoli under the terms of a loan agreement dated September 30, 2017. Both agreements will remain effective through September 29, 2047 unless the lease (described below) is terminated, or agreements are modified or terminated by mutual written agreement of both parties.

Under the terms of the lease with the National Trust, Filoli leases approximately 125 acres of land (Parcels A and B) and the main residence building at an annual rental of \$10 through September 29, 2047. Filoli must pay for all taxes, insurance, utilities, repairs and maintenance and capital improvements.

The land included in the accompanying Statement of Financial Position is Parcel C only, which is owned directly by Filoli. Parcel C consists of approximately 529 acres of undeveloped land contiguous to Parcels A and B. The land is used for research and educational purposes.

Filoli leases 11.88 acres from the City and County of San Francisco at an annual rental of \$1. Filoli is responsible for all taxes, licenses, permit fees, assessments, and maintenance applicable to this acreage. The use of this land is restricted for maintenance and horticultural operations.

The City and County of San Francisco leases 237 acres from Filoli at an annual rental of \$1. The City's use of the land is restricted to the maintenance and preservation of its watershed nature and to the protection of the quality of the water derived therefrom.

The above leases between Filoli and the City and County of San Francisco are for 40 years and expire in November 2022.

### **Note 7 - Retirement Plan:**

Filoli maintains a profit-sharing 401(k) plan, which covers full and part-time employees. The plan is comprised of a salary deferral provision and a defined contribution component. Employees may contribute up to \$19,500 and \$19,000 for 2020 and 2019, respectively, and an additional \$6,500 and \$6,000 for 2020 and 2019, respectively, at age 50 and above. Filoli matched the employee's contribution up to 4% of the employee's salary in 2020 and 2019, respectively. For 2020 and 2019, Filoli contributed \$95,332 and \$100,828, respectively, to the plan.

### **Note 8 - Concentrations of Risk:**

Filoli has identified its financial instruments which potentially subject it to risk, as cash and cash equivalents and investments. At times, Filoli has cash deposits in financial institutions in excess of federally insured limits. Board-designated investments are held in one mutual fund.

# Filoli

## Notes to Financial Statements

### Note 9 - Liquidity and Availability:

Filoli is substantially reliant on guests and members visiting the site, attending events and programs, and continuing their memberships. Approximately 74% of Filoli's support results from membership, programs, and net gift shop sales. This reliance subjects Filoli to seasonal attendance and renewal variations which can result in financial assets not being available for general expenditure throughout the year.

The following reflects Filoli's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Amounts not available include amounts set aside for long-term investing in a board designated fund that could be drawn upon if the board approves that action.

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,872,823	\$ 1,916,840
Board designated cash	56,586	299,099
Receivables, net of discount	103,167	217,074
Investments	482,381	194,137
Board designated investments	11,476,195	11,703,455
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Total financial assets	15,991,152	14,330,605
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Not to be released within 12 months	(305,603)	(298,546)
Board designations:		
Investment fund, primarily for long-term investing and maintenance reserve	(11,476,195)	(11,703,455)
Cash set aside for board-approved capital projects	(56,586)	(299,099)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 4,152,768	\$ 2,029,505
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In addition to contributions and program revenue that are received throughout the year to fund general expenditures, Filoli receives income distributions from the beneficial trust fund maintained by the National Trust for the benefit of Filoli based on the spending policy of approximately 5%. Such income is not restricted for any specific purposes and, therefore, is available for general expenditure. Filoli generally receives between \$550,000 and \$600,000 from the National Trust annually.

# Filoli

## Notes to Financial Statements

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### Note 10 - Related Party Transactions

On January 7, 2020, Filoli entered into a multi-year master plan contract with a landscape architecture firm which subcontracts with various consulting firms including a firm whose principal is a board member. The estimated total contract obligation is \$545,000, which includes the estimated contract amount of \$173,030 to a related party. In 2020, \$69,045 was paid to the related party.

### Note 11 - COVID-19 Response

On March 16, 2020, the individual governments of the Greater San Francisco Bay Area (which includes San Mateo County) announced a mandatory shelter in place order for all residents in the area due to the COVID-19 pandemic. The orders required that all nonessential businesses close until the orders were lifted. As a result, Filoli was forced to close and make some immediate operational adjustments, including cancellation of various programs and staff reductions.

On May 11, 2020, according to the updated County Health Officer order, Filoli was allowed to partially reopen with a reduced capacity. Modifications have been made to operations in accordance with continuously changing state and local governmental orders, including but not limited to, limiting occupancy to provide for social distancing, changing the format of program service deliveries and requiring employees and visitors to wear face coverings. As of May 10, 2021, programs including education classes, public events and volunteer programs are still suspended.

During the complete closure period, memberships and program revenue decreased by approximately \$1,413,000 or 70.3%, compared with 2019; during the partial reopening, membership and program revenue decreased by approximately \$802,000 or 18.6%, compared with 2019.

To respond to the pandemic, the Board approved the normal annual distribution from the MAF for the year ended December 31, 2020 in the amount of \$526,655 for general expenditures. Furthermore, the Board approved additional redemptions from the MAF in the amount of \$1,393,690 to be available for general expenditures.

Under the Coronavirus, Aid, Relief and Economic Security Act (CARES Act), Filoli received federal employee retention credits in the amount of \$255,844 during the full or partial suspension of its operations due to governmental orders, which offset expenses in the Statement of Activities for 2020. In addition, Filoli deferred payments of employer's share of social security taxes in the amount of \$109,698 until the years 2021 and 2022, which is included in accrued expenses in Statement of Financial Position. Filoli continues to evaluate on-going and long-term business plans and adhere to any governmental health orders.