

THE RICHARD NIXON FOUNDATION

Financial Statements

With

Independent Auditors' Report

December 31, 2013 and 2012

Independent Auditors' Report

To the Board of Directors
of The Richard Nixon Foundation

We have audited the accompanying financial statements of The Richard Nixon Foundation (a California Not-for-Profit corporation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 auditors' 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 The Richard Nixon Foundation as of December 31, 2013 and 2012, 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.



Brea, California
July 11, 2014

THE RICHARD NIXON FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,491,598	\$ 1,779,485
Certificates of deposit - current	1,436,688	-
Pledges receivable - current, net	1,388,156	-
Inventories, net	705,611	718,640
Other current assets	18,237	70,156
Total current assets	8,040,290	2,568,281
Long term pledges receivable, net	1,388,155	-
Property and equipment, net	16,563,410	17,727,530
Investments, at fair value	40,613,326	37,599,157
Certificates of deposit	698,165	1,553,053
	59,263,056	56,879,740
Total assets	\$ 67,303,346	\$ 59,448,021
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 880,288	\$ 1,361,934
Total current liabilities	880,288	1,361,934
Net assets:		
Unrestricted	21,567,980	21,186,837
Temporarily restricted (Note 7)	31,353,998	23,398,170
Permanently restricted (Note 8)	13,501,080	13,501,080
Total net assets	66,423,058	58,086,087
Total liabilities and net assets	\$ 67,303,346	\$ 59,448,021

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

THE RICHARD NIXON FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenues, gains (losses) and other support:				
Contributions	\$ 554,969	\$ 5,107,127	\$ -	\$ 5,662,096
Admission fees	261,344	-	-	261,344
Membership dues	246,700	-	-	246,700
Facilities use fees	\$ 1,347,498			
Less: facilities use direct expenses	<u>(198,451)</u>			
Net facilities use fees	1,149,047	-	-	1,149,047
Net investment gain	2,537,829	3,998,699	-	6,536,528
Gift shop sales	\$ 642,092			
Less: gift shop costs of goods sold	<u>(346,167)</u>			
Net gift shop income	295,925	-	-	295,925
Special event income	\$ 232,607			
Less: special event expenses	<u>(297,136)</u>			
Net special event loss	(64,529)	-	-	(64,529)
Other income	521	-	-	521
Net assets released from restrictions	<u>1,149,998</u>	<u>(1,149,998)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>6,131,804</u>	<u>7,955,828</u>	<u>-</u>	<u>14,087,632</u>
Expenses:				
Program services	4,582,202	-	-	4,582,202
General and administrative	216,746	-	-	216,746
Fundraising	<u>951,713</u>	<u>-</u>	<u>-</u>	<u>951,713</u>
Total expenses	<u>5,750,661</u>	<u>-</u>	<u>-</u>	<u>5,750,661</u>
Changes in net assets	381,143	7,955,828	-	8,336,971
Net assets at beginning of year	<u>21,186,837</u>	<u>23,398,170</u>	<u>13,501,080</u>	<u>58,086,087</u>
Net assets at end of year	<u>\$ 21,567,980</u>	<u>\$ 31,353,998</u>	<u>\$ 13,501,080</u>	<u>\$ 66,423,058</u>

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

THE RICHARD NIXON FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenues, gains (losses) and other support:				
Contributions	\$ 1,805,078	\$ -	\$ -	\$ 1,805,078
Admission fees	256,025	-	-	256,025
Membership dues	209,185	-	-	209,185
Facilities use fees	\$ 1,227,695			
Less: facilities use direct expenses	<u>(195,325)</u>			
Net facilities use fees	1,032,370	-	-	1,032,370
Net investment gain	1,750,560	2,708,292	-	4,458,852
Gift shop sales	\$ 586,320			
Less: gift shop costs of goods sold	<u>(349,120)</u>			
Net gift shop income	237,200	-	-	237,200
Special event income	\$ 51,498			
Less: special event expenses	<u>(75,897)</u>			
Net special event loss	(24,399)	-	-	(24,399)
Other income	538	-	-	538
Net assets released from restrictions	<u>882,326</u>	<u>(882,326)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>6,148,883</u>	<u>1,825,966</u>	<u>-</u>	<u>7,974,849</u>
Expenses:				
Program services	5,102,879	-	-	5,102,879
General and administrative	232,795	-	-	232,795
Fundraising	<u>803,573</u>	<u>-</u>	<u>-</u>	<u>803,573</u>
Total expenses	<u>6,139,247</u>	<u>-</u>	<u>-</u>	<u>6,139,247</u>
Changes in net assets	9,636	1,825,966	-	1,835,602
Net assets at beginning of year	<u>21,177,201</u>	<u>21,572,204</u>	<u>13,501,080</u>	<u>56,250,485</u>
Net assets at end of year	<u>\$ 21,186,837</u>	<u>\$ 23,398,170</u>	<u>\$ 13,501,080</u>	<u>\$ 58,086,087</u>

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

THE RICHARD NIXON FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,336,971	\$ 1,835,602
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,251,618	1,241,855
Net realized and unrealized (gain) on investments	(5,892,220)	(3,758,890)
Changes in operating assets and liabilities:		
Inventories, net	13,029	(402,309)
Pledges receivable, net	(2,776,311)	-
Other receivables	-	3,341
Other current assets	51,919	(41,021)
Accounts payable and accrued liabilities	(481,646)	539,932
Net cash provided by (used in) operating activities	<u>503,360</u>	<u>(581,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property and equipment	(87,498)	(33,986)
Purchases of investments	(4,881,162)	(13,285,268)
Proceeds from sales of investments	7,759,213	13,055,439
Purchases of certificates of deposits	(581,800)	-
Proceeds from certificates of deposits	-	741,447
Net cash provided by investing activities	<u>2,208,753</u>	<u>477,632</u>
Net change in cash and cash equivalents	2,712,113	(103,858)
Cash and cash equivalents at beginning of year	1,779,485	1,883,343
Cash and cash equivalents at end of year	<u>\$ 4,491,598</u>	<u>\$ 1,779,485</u>

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

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 1 - Nature of organization

The Richard Nixon Foundation, a not-for-profit corporation (the "Foundation") formerly known as The Richard Nixon Library and Birthplace Foundation, was formed as a Delaware corporation in January 1983.

The purpose of the Foundation is to support the work of the Richard Nixon Foundation and to conduct programs intended to enhance the public's understanding of the life and legacy of President Richard Nixon. On July 11, 2007, the Foundation was incorporated into the Federal System of Presidential Libraries. While the museum and certain other portions of the building were leased to the Federal Government in perpetuity, the Foundation retains ownership of the entire facility and operational authority over a substantial portion of the museum and building.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Foundation applies the provisions of Accounting Standards Codification (ASC) Topic 958, "Not-for-Profit Entities," which establishes standards for general-purpose external financial statements provided by not-for-profit organizations. Among other provisions, ASC Topic 958 requires the classification and disclosure of net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets, revenues, expenses, gains, and losses of the Foundation are reported in three classes as follows:

- *Unrestricted* - Unrestricted net assets are net assets that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations.
- *Temporarily restricted* - Temporarily restricted net assets result from contributions or other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a donor specified restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.
- *Permanently restricted* - Permanently restricted net assets result from contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Foundation's significant estimates consist of the useful lives of depreciable assets and the allocation of expenses among general administrative, program services and fundraising. The foundation allocates its expenses annually based on the functions performed and the nature of the activities. Year to year allocation method may change and actual results could differ from those estimates.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 2 - Summary of significant accounting policies, continued

Income tax status

The Nixon Foundation is exempt from Federal and State income taxes under Section 501(c) (3) of the U.S. Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The museum store, however, has certain revenues which are unrelated to the Nixon Foundation's exempt purpose that are subject to the unrelated business income tax provisions of IRC Section 512. For the years ended December 31, 2013 and 2012, no provision for income taxes has been included in the accompanying financial statements. Penalties and interest incurred related to underpayment of income taxes are classified as income tax expense in the year incurred. No penalties or interest related to income taxes were incurred during the years ended December 31, 2013 and 2012. As of December 31, 2013, federal and California tax returns filed for 2009, 2010, 2011 and 2012 remain subject to the examination by the taxing authorities.

The Foundation has no unrelated business income tax for the years ended December 31, 2013 and 2012.

Cash and cash equivalents

Cash equivalents are defined as all highly liquid investments with a maturity of three months or less from the original maturity date. Cash and cash equivalents are considered restricted if limitations exist as to the Foundation's ability to withdraw or use the cash and cash equivalents. Such limitations may be imposed by (1) creditors and other outside parties, or (2) donors, who place permanent or temporary restrictions on their contributions. For the years ended December 31, 2013 and 2012, there were no such restrictions.

From time to time, the Foundation maintains cash deposits that exceed coverage by FDIC insurance. The Foundation has not experienced any losses and does not believe they are exposed to any significant credit risk on cash.

Pledges receivable

Pledges receivable represent amounts pledged toward the Richard Nixon Centennial Exhibit Renovation Campaign. Pledges receivable are stated at the amount management expects to collect from outstanding balances. No allowance for doubtful accounts for pledges receivable is considered necessary at December 31, 2013 and 2012. All amounts are expected to be received by December 31, 2015.

Financial assets measured at fair value on a recurring basis

ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Foundation. ASC Topic 825 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required to be recorded at fair value, the Foundation considered the principal or most advantageous market that transactions would normally occur and considered assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 2 - Summary of significant accounting policies, continued

Financial assets measured at fair value on a recurring basis, continued

ASC Topic 825 also establishes a fair value hierarchy that requires an entity to maximize the use of sources independent from the reporting entity and minimize the use of the Foundation assumptions developed based on the best information available in the circumstances when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of assumptions that is significant to the fair value measurement. ASC Topic 825 establishes three levels of assumptions that market participants may use to measure fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation's significant financial assets are measured at fair value on a recurring basis and are categorized as Level 1 (as previously defined). The assets consisted of the following types of instruments as of December 31, 2013 and 2012 (in thousands):

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Funds	\$ 24,696	\$ 30,910	\$ 25,633	\$ 29,225
Stocks	3,576	4,828	3,517	3,836
Non U.S. Securities	174	243	222	285
Other Assets	3,872	4,632	4,237	4,253
	<u>\$ 32,318</u>	<u>\$ 40,613</u>	<u>\$ 33,609</u>	<u>\$ 37,599</u>

The Foundation did not identify any other non-recurring assets and liabilities that are required to be presented on the statements of financial position at fair value in accordance with ASC Topic 825.

Inventories, net

Inventories are carried at the lower of cost (determined on average cost basis) or net realizable value. Inventories consist of merchandise acquired for resale in the Foundation's museum store.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 2 - Summary of significant accounting policies, continued

Property and equipment

Land is stated at estimated fair value at date of donation. Property and equipment are stated at cost. The net gain or loss on items of property retired or otherwise disposed of is included in income, and the applicable asset cost and accumulated depreciation are removed from the accounts. The cost of certain repairs and maintenance is charged to expense unless the Foundation deems such amounts to be sufficiently material to warrant capitalization and depreciation; major renewals and betterments are capitalized. Property and equipment purchases over \$1,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets ranging from five to thirty years.

Investment policies, return objectives and risk parameters

The purpose of the investments and the endowment fund (Note 9) is to provide growth in income to the Foundation for operations. The Foundation has adopted investment policies for the endowment assets that attempt to provide safety through diversification in a portfolio of common stocks, bonds, cash equivalents and other investments which may reflect varying rates of return. The overall rate of return objective for the portfolio is a reasonable "real" rate consistent with the risk levels established by the board.

The return objective for the endowment fund, measured over a full market cycle or rolling three and five year periods, shall be the return to exceed the CPI plus 5.5% as well as a custom index which represents the allocation of the endowment fund among asset classes.

To satisfy its return objectives and risk parameters, the Foundation's investments are diversified within asset classes. Moreover, the equity fund is allocated to managers who have distinct and different investment styles. Portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance. To facilitate the achievement of the endowment fund's long-term investment objective, the fund has established target asset allocations.

Contributions

Monies received for conditional grants are recorded as deferred revenue until the monies are spent for the specified program or purpose. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions, including endowment gifts and pledges, as well as any other unconditional promises to give, are recognized as revenue in the period pledged. Amounts expected to be collected within one year are recorded at their net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows discounted using an effective interest rate method. The amortization of the imputed discount is reported as contribution income.

During the years ended December 31, 2013 and 2012, approximately 75% and 83%, respectively, of the Foundation's total contribution revenue was provided by two contributors.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 2 - Summary of significant accounting policies, continued

Advertising costs

Advertising costs are expensed as incurred. Advertising expense, which includes promotion of library programs, is reported as fundraising expense and program services expense. Advertising cost for the years ended December 31, 2013 and 2012, amounted to \$112,254 and \$173,640, respectively.

Joint costs

The Foundation conducts activities that include fundraising, program services, and general and administrative components. Those activities include salaries and benefits of management and depreciation of property and equipment.

Long-lived assets

The Foundation adopted ASC Topic 360, "Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. ASC Topic 360 establishes a number of rules for the recognition, measurement and display of long-lived assets which are impaired and either held for sale or continuing use with the business. Pursuant to ASC Topic 360, management reviews the Foundation's long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management believes that no impairment triggering events have occurred during the years ended December 31, 2013 and 2012.

Date of Management's Review

The Foundation evaluated all events and transactions that occurred after December 31, 2013 up through July 11, 2014, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Pledges receivable, net

Pledges receivable of the Foundation consists of the following as of December 31, 2013 and 2012 (in thousands):

	2013	2012
Receivable - current	\$ 1,500	\$ -
Imputed discount	(112)	-
Receivable - current, net	<u>1,388</u>	<u>-</u>
Receivable - long-term	1,500	-
Imputed discount	(112)	-
Receivable - long-term, net	<u>1,388</u>	<u>-</u>
Total pledges receivable, net	<u>\$ 2,776</u>	<u>\$ -</u>

Management believes all pledges are collectible. Contributions received from current and former board members amounted to approximately \$2,342,000 and \$70,000, respectively, for the years ended December 31, 2013 and 2012.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 4 - Property and equipment, net

Property and equipment consisted of the following as of December 31, 2013 and 2012 (in thousands):

	<u>2013</u>	<u>2012</u>
Land	\$ 1,993	\$ 1,993
Buildings and improvements	32,774	32,774
Displays and fixtures	1,669	1,625
Equipment	<u>257</u>	<u>214</u>
	36,693	36,606
Less: accumulated depreciation	<u>(20,130)</u>	<u>(18,878)</u>
Total property and equipment, net	<u>\$ 16,563</u>	<u>\$ 17,728</u>

Total depreciation expense for the years ended December 31, 2013 and 2012 amounted to \$1,251,618 and \$1,241,855.

Note 5 - Investments

Investment gains and losses consisted of the following as of December 31, 2013 and 2012 (in thousands):

	<u>2013</u>	<u>2012</u>
Interest	\$ 15	\$ 35
Dividends	710	761
Settlement Income	1	9
Unrealized gain on investments	5,389	2,116
Realized gain on sales of investments	503	1,644
Investment fees	<u>(81)</u>	<u>(106)</u>
Net investment gain	<u>\$ 6,537</u>	<u>\$ 4,459</u>

Note 6 - Commitments

The Foundation leases equipment in California under various non-cancelable operating leases. Minimum lease commitments at December 31, 2013 are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2014	\$ 2,616
2015	218

Lease expense for the years ended December 31, 2013 and 2012, amounted to \$5,880 and \$1,903, respectively.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 7 - Temporarily restricted net assets

Temporarily restricted net assets represent Rebozo Trust funds which provides monies on an annual basis to fund operating expenses of the Foundation and donor restricted contributions to provide support for the Richard Nixon Centennial Exhibit Renovation Campaign. The Campaign started in 2013 with the purpose of "It is time to take another look at Richard Nixon." This \$25 million campaign has three major priorities (1) update the exhibits and facilities at the museum/library, (2) education/research/technology, and (3) China initiative.

Temporarily restricted net assets are available for the above purposes as of December 31, 2013 and 2012 (in thousands):

	2013	2012
Time restrictions:		
Rebozo Trust	\$ 26,436	\$ 23,398
Purpose restrictions:		
Centennial Campaign	4,918	-
	\$ 31,354	\$ 23,398

Note 8 - Permanently restricted assets

Permanently restricted net assets represent endowment funds, which are to be invested in perpetuity to provide a permanent source of income to fund operations of the Foundation. Based upon donor stipulations, interest earned on the endowment funds is either temporarily restricted support for the Foundation's programs or unrestricted support for the Foundation's operations. Earnings on the permanently restricted net assets are reinvested in equity securities and U.S. government obligations.

Permanently restricted net assets as of December 31, 2013 and 2012 are as follows (in thousands):

	2013	2012
Cash and investments	\$ 13,501	\$ 13,501

Note 9 - Rebozo trust pledge

In May 1998, the Foundation was named as a principal beneficiary of the Charles G. Rebozo Revocable Trust. All funds bequeathed to the Foundation from the Rebozo Trust have been placed in a designated endowment fund. Beginning in 2003 and continuing over a five-year period, 4% of the fund balance at the end of each year was released during the following year for operating expenses.

Every three years the Designated Individuals of the Rebozo Trust (the "Designated Individuals") can vote unanimously to decide on whether to adjust the future distribution percentage but, in no event, can the Designated Individuals modify the percentage to a figure that is less than the greater of the modified percentage for such a period, or 3%. If for any reason there is a failure to fix a modified percentage, the percentage shall be 3% and will not be subject to arbitration. For the years ended December 31, 2013 and 2012, the distribution percentage was 4% and 4%, respectively.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 9 - Rebozo trust pledge, continued

As of December 31, 2013 and 2012, the Foundation had \$26,922,415 and \$23,884,107 in the Rebozo endowment which was included in investments on the statement of financial position. A reconciliation of the beginning and ending balances of the endowment fund is as follows for the years ended December 31, (in thousands):

	<u>2013</u>	<u>2012</u>
Beginning endowment balance	\$ 23,884	\$ 22,058
Net investment gain	3,998	2,708
Contributions	-	-
Distributions	(960)	(882)
Ending endowment balance	<u>\$ 26,922</u>	<u>\$ 23,884</u>

Endowment funds are classified as follows as of December 31, (in thousands):

	<u>2013</u>	<u>2012</u>
Temporarily Restricted	\$ 26,436	\$ 23,398
Permanently Restricted	486	486
Total	<u>\$ 26,922</u>	<u>\$ 23,884</u>

In accordance with the Rebozo Trust, the funds shall be invested as prescribed by the Investment Committee of the Foundation subject to board approval. In order to meet the objectives and asset allocation guidelines as approved by the board, the Foundation has facilitated investment managers which are overseen by the investment committee on a monthly basis.

Note 10 - National archives and records administration

In July 2007, the Foundation finalized the Occupancy Agreement (the "Agreement") with the National Archives and Records Administration (NARA) to display Presidential materials generated during President Nixon's tenure in office. Pursuant to the Agreement, the Foundation granted to NARA exclusive rights and access to the use of certain properties and equipments of the Foundation. Accordingly, the Foundation was to donate to the United States, the rights, title and any interest it may have in certain exhibits located in the museum exhibition galleries of the Library which was to be agreed upon on a later date. It was also agreed upon that NARA also pay for space within the Foundation, provide security for the entire site and pay for a portion of utility services equal to the percentage of the overall square footage of the building that it occupies. In addition, the admission revenue is shared between NARA and the Foundation.

Note 11 - Professional services agreement and retirement plan

The Foundation continues a client services agreement with ADP TotalSource, Inc., in which TotalSource will provide a professional employer organization ("PEO") to the Foundation. The agreement is in one year increments and renews automatically on its anniversary date for successive one year terms. The agreement may be terminated with 30 written notice by either party or immediately without written notice for cause.

THE RICHARD NIXON FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 11 - Professional services agreement and retirement plan, continued

The Foundation has adopted the Richard Nixon Foundation Matching Plan (the "Plan") a prototype 401(k) plan, effective November 11, 2009, where all employees are eligible to participate in the Plan. The Foundation's matching contribution is 100% of the participant's contribution up to \$15,500 per year, which is deferred as an elective deferral unless the after tax Roth IRA option is selected. Matching contributions are determined each payroll period. The minimum age for eligibility is 21 subject to a 90 day probationary period service requirement for Plan participation. For the years ended December 31, 2013 and 2012 the Foundation's provision for 401(k) plan totaled \$131,696 and \$131,695, respectively. There were no direct expenses paid by the Foundation to administer the plan since the Plan is sponsored by ADP.