THE RICHARD NIXON FOUNDATION

Financial Statements

With

Independent Auditors' Report

December 31, 2017 and 2016

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 Delaware nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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, 2017 and 2016, 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.

Frazer, LLP

Brea, California
June 19, 2018

135 S. State College Blvd., Ste. 300 I Brea, CA 92821 I Office: 714.990.1040 I Fax: 714.671.1041 I www.frazerllp.com
An independent firm associated with Moore Stephens International Limited

THE RICHARD NIXON FOUNDATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,772,208	$ 607,533
Certificates of deposit - current	-	399,598
Pledges receivable - current, net	790,037	413,549
Other receivables	20,210	14,252
Inventories, net	177,250	209,782
Other current assets	147,610	88,442
Total current assets	2,907,315	1,733,156
Certificates of deposit	1,558,119	1,346,442
Long term pledges receivable, net	788,162	870,366
Property and equipment, net	13,433,126	14,600,791
Investments, at fair value	43,824,372	39,957,148
Intangible assets, net	1,300,779	1,647,653
	60,904,558	58,422,400
Total assets	$ 63,811,873	$ 60,155,556
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,494,428	$ 2,400,075
Loan payable - current portion (Note 16)	97,310	-
Total current liabilities	1,591,738	2,400,075
Noncurrent liabilities:		
Loan Payable - net of current portion (Note 16)	7,527,690	7,000,000
Net assets:		
Unrestricted	10,990,897	9,999,657
Temporarily restricted (Note 10)	30,200,468	27,254,744
Permanently restricted (Note 11)	13,501,080	13,501,080
Total net assets	54,692,445	50,755,481
Total liabilities and net assets	$ 63,811,873	$ 60,155,556

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

THE RICHARD NIXON FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenues, gains (losses) and other support:					
Contributions		$ 319,435	$ 2,359,401	$ -	$ 2,678,836
Admission fees, net		496,489	-	-	496,489
Membership dues		267,919	-	-	267,919
Facilities use fees	$ 2,111,044				
Less: facilities use direct expenses	(452,477)				
Net facilities use fees		1,658,567	-	-	1,658,567
Net investment gain		1,986,217	3,648,173	-	5,634,390
Gift shop sales	457,036				
Less: gift shop costs of goods sold	(292,403)				
Net gift shop income		164,633	-	-	164,633
Special event income	322,187				
Less: special event expenses	(335,087)				
Net special event loss		(12,900)	-	-	(12,900)
Other income	861				
Interest expense, net	(386,686)				
Loss on disposal of asset	(419)				
Net other expense		(386,244)	-	-	(386,244)
Net assets released from restrictions		3,061,850	(3,061,850)	-	-
Total revenues, gains and other support		7,555,966	2,945,724	-	10,501,690
Expenses:					
Program services		5,629,352	-	-	5,629,352
General and administrative		331,034	-	-	331,034
Fundraising		604,340	-	-	604,340
Total expenses		6,564,726	-	-	6,564,726
Changes in net assets		991,240	2,945,724	-	3,936,964
Net assets at beginning of year		9,999,657	27,254,744	13,501,080	50,755,481
Net assets at end of year		$ 10,990,897	$ 30,200,468	$ 13,501,080	$ 54,692,445

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

THE RICHARD NIXON FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenues, gains (losses) and other support:					
Contributions		$ 4,383	$ 1,929,544	$ -	$ 1,933,927
Admission fees		185,590	-	-	185,590
Membership dues		213,016	-	-	213,016
Facilities use fees	$ 1,891,061				
Less: facilities use direct expenses	(390,126)				
Net facilities use fees		1,416,130	84,805	-	1,500,935
Net investment gain		940,740	1,737,364	-	2,678,104
Gift shop sales	279,838				
Less: gift shop costs of goods sold	(182,094)				
Net gift shop income		97,744	-	-	97,744
Special event income	110,323				
Less: special event expenses	(107,039)				
Net special event income		3,284	-	-	3,284
Other income	1,338				
Interest expense	(121,330)				
Loss on disposal of asset	(8,589)				
Net other expense		(128,581)	-	-	(128,581)
Net assets released from restrictions		6,010,492	(6,010,492)	-	-
Total revenues, gains (losses) and other support		8,742,798	(2,258,779)	-	6,484,019
Expenses:					
Program services		12,778,010	-	-	12,778,010
General and administrative		436,135	-	-	436,135
Fundraising		324,540	-	-	324,540
Total expenses		13,538,685	-	-	13,538,685
Changes in net assets		(4,795,887)	(2,258,779)	-	(7,054,666)
Net assets at beginning of year		14,795,544	29,513,523	13,501,080	57,810,147
Net assets at end of year		$ 9,999,657	$ 27,254,744	$ 13,501,080	$ 50,755,481

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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 3,936,964	$ (7,054,666)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	1,318,248	1,171,008
Amortization	346,874	86,719
Loss on disposition of property and equipment	419	8,589
Transfer of property and equipment for exhibit donation	135,951	13,927,586
Net realized and unrealized gain on investments	(4,769,794)	(2,046,358)
Provision for inventory write down	8,925	17,060
Changes in operating assets and liabilities:		
Pledges receivable, net	(294,284)	(161,413)
Other receivables	(5,958)	135,393
Inventories, net	23,607	(2,504)
Other current assets	(59,168)	3,804
Accounts payable and accrued liabilities	(905,647)	(29,347)
Reserve for exhibit donation - NARA	-	(6,817,128)
Net cash used in operating activities	(263,863)	(761,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property and equipment	900	-
Payments for purchase of property and equipment	(287,853)	(8,755,632)
Purchases of investments	(14,676,857)	(16,905,559)
Payments for purchase of intangible assets	-	(1,734,372)
Proceeds from sales of investments	15,579,427	17,548,727
Net change in certificates of deposits	187,921	(146,610)
Net cash provided by (used in) investing activities	803,538	(9,993,446)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	625,000	7,000,000
Net change in cash and cash equivalents	1,164,675	(3,754,703)
Cash and cash equivalents at beginning of year	607,533	4,362,236
Cash and cash equivalents at end of year	$ 1,772,208	$ 607,533
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 386,696	$ 121,330

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

Note 1 - Nature of organization

The Richard Nixon Foundation, a not-for-profit corporation (the “Foundation”) was formed as a Delaware corporation in January 1983.

The purpose of the Foundation is 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.

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, 2017 and 2016, 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, 2017 and 2016.

The Foundation has no unrelated business income tax for the years ended December 31, 2017 and 2016.

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, 2017 and 2016, the Foundation maintained purpose restriction cash amounts to be used toward the Richard Nixon Centennial Campaign. Cash amounts restricted for the Richard Nixon Centennial Campaign for the years ended December 31, 2017 and 2016 were $985,067 and $151,804, respectively.

From time to time, the Foundation maintains cash deposits that exceed coverage by FDIC insurance. For the year ended December 31, 2017, the Foundation had $872,000 of cash deposits in excess of the FDIC limits. The Foundation did not maintain cash deposits in excess of these limits as of December 31, 2016. The Foundation has not experienced any losses and does not believe they are exposed to any significant credit risk on cash holdings.

Pledges receivable

Pledges receivable represent amounts pledged toward the Richard Nixon Centennial Campaign and the China Exhibit (Note 10). 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, 2017 and 2016. Of the total pledges receivable, approximately $808,000 is expected to be received by December 31, 2018. The remaining long term portion of the pledge receivables are expected to be collected within one to five years.

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.

Note 2 - Summary of significant accounting policies (continued)

Financial assets measured at fair value on a recurring basis (continued)

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.

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, 2017 and 2016 (in thousands):

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Funds	$ 32,457	$ 36,439	$ 29,426	$ 32,751
Stocks	2,996	3,097	3,113	2,890
Non U.S. Securities	72	91	107	112
Other Assets	4,222	4,197	4,219	4,204
	$ 39,747	$ 43,824	$ 36,865	$ 39,957

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.

Note 2 - Summary of significant accounting policies (continued)

Inventories, net (continued)

The Foundation records an inventory reserve for inventory of bound and paperback books and other miscellaneous merchandise based on estimated sales of these items for the upcoming year. The reserve amounts for the years ending December 31, 2017 and 2016 amounted to $336,520 and $327,595, respectively.

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.

Intangible assets

Intangible assets included on the Statements of Financial Position include films and videos developed for the Museum Exhibits and a Multi-Lingual App for self-guided tours of the Museum Exhibits. Intangible assets that have a finite useful life are amortized over their useful life of 5 years. Intangible assets subject to amortization are reviewed for potential impairment whenever events or circumstances indicate carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. As of December 31, 2017, the Foundation does not believe these intangible assets to be impaired.

Investment policies, return objectives and risk parameters

The purpose of the investments and the endowment fund (Note 10) 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.

Note 2 - Summary of significant accounting policies (continued)

Contributions

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.

For the years ended December 31, 2017 and 2016, contributions received from current and former board members amounted to approximately $75,600 and $185,276, respectively. During the year ended December 31, 2017, approximately 74% of the Foundation's total contribution revenue was provided by two contributors. For the year ended December 31, 2016, approximately 51% of the Foundation's total contribution revenue was provided by one contributor.

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 costs for the years ended December 31, 2017 and 2016, amounted to $304,687 and $1,144,769, 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.

Joint costs for the years ended December 31, 2017 and 2016 have been allocated as follows (in thousands):

	2017	2016
Officer salaries and benefits		
Fundraising	$ 23	$ 31
Program services	687	508
General and administrative	126	38
	836	577
Depreciation of property and equipment		
Fundraising	65	58
Program services	1,179	1,046
General and administrative	74	67
	1,318	1,171
Total Joint Costs	$ 2,154	$ 1,748

Note 2 - Summary of significant accounting policies (continued)

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, 2017 and 2016.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. These classifications have no effect on net income.

Note 3 - Pledges receivable, net

Pledges receivable of the Foundation consists of the following as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Receivable - current	$ 808	$ 422
Imputed discount	(18)	(8)
Receivable - current, net	790	414
Receivable - long-term	836	958
Imputed discount	(48)	(88)
Receivable - long-term, net	788	870
Total pledges receivable, net	$ 1,578	$ 1,284

Management believes all pledges are collectible. For the years ended December 31, 2017 and 2016, the discount rate for pledges receivable was 4.50% and 3.75%, respectively. Amortization of the imputed discount is included as contribution revenue which amounted to $43,819 and $18,493 for the years ended December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, 100% of the Foundation’s total pledges receivable were provided by six and four contributors, respectively.

Note 4 - Property and equipment, net

Property and equipment consisted of the following as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Land	$ 1,993	$ 1,993
Buildings and improvements	33,052	33,030
Displays and fixtures	2,626	2,589
Equipment	665	647
Construction in progress	19	10
	38,355	38,269
Less: accumulated depreciation	(24,922)	(23,668)
Total property and equipment, net	$ 13,433	$ 14,601

Total depreciation expense for the years ended December 31, 2017 and 2016 amounted to $1,318,248 and $1,171,008, respectively.

Note 5 - Investments

Investment gains and losses consisted of the following as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Interest	$ 18	$ 18
Dividends	968	726
Unrealized gains on investments	4,068	1,780
Realized gains on sales of investments	701	266
Investment fees	(121)	(112)
Net investment gain	$ 5,634	$ 2,678

Note 6 - Intangible assets, net

Intangible assets consisted of the following as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Film	$ 1,625	$ 1,625
Internally-developed software	109	109
	1,734	1,734
Less: accumulated amortization	(433)	(86)
Total intangible assets, net	$ 1,301	$ 1,648

Note 6 - Intangible assets, net (continued)

The following table summarizes the amortization expense of intangible assets over the next 5 years:

December 31,	Amount
2018	$ 346,874
2019	346,874
2020	346,874
2021	260,157
	1,300,779

Total amortization expense for the years ended December 31, 2017 and 2016 amounted to $346,874 and $86,719, respectively.

Note 7 - Exhibit donation - NARA

Based on a joint agreement between the Foundation and the National Archives and Records Administration ("NARA" as described in Note 13), the Foundation has completed the $15.8 million development and build-out renovation of the galleries and exhibits of the Richard Nixon Presidential Library and Museum. The tangible exhibit was donated to NARA in October 2016 and the transfer agreement was finalized September 2017.

Management believes that the recognition of the expense in the year incurred for the past three years reflects the activities and the intention of the donation. Total donation expense and capitalization of assets for the duration of the project was:

Years Ending December 31,	Donation Expense	Intangible Assets	
2015	$ 6,817,128	$ -	
2016	7,110,458	-	
2017	136,651	1,734,372	
	$ 14,064,237	$ 1,734,372	$ 15,798,609

Note 8 - Line of Credit

On January 19, 2016, the Foundation entered into a $10 million non-revolving line of credit agreement with Pacific Mercantile Bank to fund the renovation of galleries and exhibits of the Richard Nixon Presidential Library and Museum. The line of credit had an interest rate at the WSJ Prime Rate plus 1%, with a maturity date of January 5, 2018. As of December 31, 2017, prime rate was 4.50% per annum. Collateral on this line of credit includes, but is not limited to, the Foundation's inventory, fixed assets, general intangibles, and all cash and endowment accounts, including the Rebozo Trust. As of December 31, 2017 and 2016, the outstanding balance on the line of credit was $7,625,000 and $7,000,000, respectively. Interest expense paid relating to the line of credit, for the years ended December 31, 2017 and 2016, was $379,336 and $121,330, respectively. Subsequent to year end, the Foundation received an extension on the line of credit through May 5, 2018, at which point the Foundation converted their line of credit into a mortgage loan with Pacific Mercantile Bank (Note 16).

Note 9 - Commitments

The Foundation leases equipment in California under various non-cancelable operating leases. Minimum lease commitments at December 31, 2017 are as follows:

December 31,	Amount
2018	$ 5,841
2019	5,250
2020	3,477
2021	3,477
2022	2,753
	$ 20,798

Lease expense for the years ending December 31, 2017 and 2016 amounted to $5,836 and $2,364, respectively.

Note 10 - Temporarily restricted net assets

Temporarily restricted net assets represent Rebozo Trust funds which provide monies on an annual basis to fund operating expenses of the Foundation, donor restricted contributions to provide support for the Richard Nixon Centennial Exhibit Renovation Campaign, and a program restriction for the China Exhibit. The Centennial Campaign started in 2013 with the purpose of “It’s 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.

During the year ended December 31, 2017, the Foundation received a $1 million donation towards the Centennial Campaign, of which $750,000 was recorded in the form of the pledge to be paid by July 31, 2019, from the Hsieh Family Foundation. The contribution contains a temporary restriction for the donation to be used towards the permanent China Exhibit at the Richard Nixon Library and the traveling China Exhibit, both presently entitled “The Week That Changed the World”. As of December 31, 2017, no funds had been drawn from the donation towards the China Exhibits.

Temporarily restricted net assets are available for the above purposes as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Time restrictions:		
Rebozo Trust	$ 27,884	$ 25,278
Purpose restrictions:		
Centennial Campaign	2,316	1,977
	$ 30,200	$ 27,255

Note 10 - Temporarily restricted net assets (continued)

Centennial Campaign purpose restricted net assets as of December 31, 2017 and 2016 (in thousands):

	2017	2016
Beginning Centennial Campaign balance	$ 1,977	$ 4,966
Contributions	2,359	1,929
Revenues	-	85
Net investment gain	12	7
Net assets released		
from restrictions	(2,032)	(5,010)
Centennial Campaign	$ 2,316	$ 1,977

Net assets released from temporary restrictions for the years ended December 31, 2017 and 2016 (in thousands):

	2017	2016
Time restriction releases:		
Rebozo Trust	$ 1,030	$ 1,000
Purpose restriction releases:		
Centennial Campaign	2,032	5,010
Total releases	$ 3,062	$ 6,010

Note 11 - 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, 2017 and 2016 are as follows (in thousands):

	2017	2016
Cash and investments	$ 13,501	$ 13,501

Note 12 - 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 authorized for released during the following year for operating expenses.

Note 12 - Rebozo trust pledge (continued)

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 3.0%. If for any reason there is a failure to fix a modified percentage, the percentage shall be 3.0%. For each of the years ended December 31, 2017 and 2016, the distribution percentage was 4.0%.

As of December 31, 2017 and 2016, the Foundation had $28,369,687 and $25,764,401 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):

	2017	2016
Beginning endowment balance	$ 25,764	$ 25,034
Net investment gain	3,636	1,730
Net assets released from restrictions	(1,030)	(1,000)
Ending endowment balance	$ 28,370	$ 25,764

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

	2017	2016
Temporarily Restricted	$ 27,884	$ 25,278
Permanently Restricted	486	486
Total	$ 28,370	$ 25,764

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 engaged investment managers which are overseen by the investment committee on a monthly basis.

Note 13 - 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 physical properties and equipment 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 provide security for the entire site and that NARA and the Foundation will jointly share in maintenance and utility costs equal to the percentage of the overall square footage of the building that they occupy. In addition, the admission revenue is shared between NARA and the Foundation.

Note 14 - Retirement plan

The Foundation has a qualified safe harbor 401(k) and profit sharing plan in which all employees with 250 hours of service within the first three months of employment and a minimum age of 21 years, are eligible to participate in the Plan.

The Foundation's matching contribution is 100% of the participant's contribution, subject to federal limits for contributions, which is deferred as a pre-tax salary elective deferral unless the after tax Roth deferral option is selected. Matching contributions are determined each payroll period.

For the years ended December 31, 2017 and 2016 the Foundation's provision for the 401(k) plan totaled $166,582 and $174,188, respectively. In 2017, administrative expenses paid by the Foundation to administer the Plan amounted to $2,562.

Note 15 - New accounting pronouncements

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal year beginning after December 15, 2017.

Early application of the amendments in this Update is permitted. The amendments in this Update should be initially adopted only for an annual fiscal period within the fiscal year of adoption. The amendments in this Update should be applied on a retrospective basis in the year that the Update is first applied. The Foundation is evaluating the effect that ASU 2016-14 will have on its financial statements and related disclosures.

Note 16 - Subsequent events

The Foundation evaluated all events and transactions through June 19, 2018, the date the financial statements were available to be issued. With the exception of the following, management believes that no event occurred subsequent to December 31, 2017 that is required to be recorded or disclosed in the financial statements.

In May 2018, the Foundation entered into a variable rate term loan with Pacific Mercantile Bank in the amount of $7,625,000, and used the proceeds to pay off the outstanding balance on the previous line of credit. The terms of the new loan, a 15 year mortgage with a rate reset after the first five years, requires payments of principal and interest in monthly payments of $43,174 for a period of 60 months, $47,403 for the next 119 months, and one final payment of $4,350,542 on May 10, 2033. Interest rates on the loan begin at 4.61% per annum for the first 60 months, at which point the interest rate becomes equal to the United States Treasury Rate 5 Year Constant Maturity plus a margin of 2.9%. The loan requires the Foundation to place a $600,000 deposit in a savings account held by Pacific Mercantile Bank, which $100,000 will be periodically released to the Foundation as the outstanding principal loan balance decreases to certain levels. The loan is secured by a deed of trust on The Richard Nixon Presidential Library & Museum property. The loan is subject to certain restrictive covenants.

Note 16 - Subsequent events (continued)

The maturities of the term loan for each year ending after December 31, 2017 are as follows:

Years Ending December 31,	Amount
2018	$ 97,310
2019	174,728
2020	182,955
2021	191,570
2022	200,590
Thereafter	6,777,847
	$ 7,625,000

Also in May 2018, the Foundation entered into a variable rate revolving line of credit agreement with Pacific Mercantile Bank allowing for maximum borrowings of $2,000,000. The specific purpose of the line of credit is to provide working capital to the Foundation as determined necessary by management. The line of credit bears an interest rate at the WSJ Prime Rate plus 1%, and matures May 10, 2020. Collateral on this line of credit includes, but is not limited to, the Foundation's inventory, fixed assets, general intangibles, and all cash and endowment accounts, including the Rebozo Trust. The line of credit is subject to certain restrictive covenants. No amounts have been borrowed on this line of credit.

During April 2018, the Foundation signed a Letter of Intent to Collaborate between Chapman University and The Richard Nixon Foundation and an Irrevocable Pledge Agreement to contribute $165,000 to Chapman University. The areas of collaboration between Chapman University and the Richard Nixon Foundation include, but notesare not limited to, the development of joint programming for panels, authors, cultural displays, art exhibitions, historical retrospectives, museum tours and business seminars. The term of the agreement is for a 5 year period, commencing April 27, 2018 and maturing on April 27, 2023. An initial payment of $30,360 was made to Chapman University in 2017. The balance of the pledge $134,640, will be paid annually beginning on August 1, 2018 through August 1, 2021 in payments ranging from $31,680 to $35,640. As a condition of this agreement, Chapman University recognizes the War and Society graduate fellowship program as the "Richard Nixon Foundation Fellowship".