REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

THE FRANK LLOYD WRIGHT FOUNDATION

July 31, 2018

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MOSSADAMS

Report of Independent Auditors

To the Board of Trustees
The Frank Lloyd Wright Foundation

Report on Financial Statements

We have audited the accompanying financial statements of The Frank Lloyd Wright Foundation (the "Foundation") which comprise the statement of financial position as of July 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Frank Lloyd Wright Foundation as of July 31, 2018, and the change in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Scottsdale, Arizona
November 9, 2018

ASSETS

	July 31, 2018
CURRENT ASSETS	
Cash and cash equivalents	$ 531,854
Accounts receivable, net	159,491
Other receivables	48,890
Retail inventories	203,843
Prepaid expenses	156,325
Total current assets	1,100,403
Investments	2,382,980
Property, plant, and equipment, net	9,791,441
Archives, art objects, and drawing library collection	2,780,092
Total assets	$ 16,054,916

LIABILITIES AND NET ASSETS

	July 31, 2018
CURRENT LIABILITIES	
Current maturities of capital lease payable	$ 17,601
Accounts payable	369,396
Accrued expenses	300,462
Deferred revenue	104,762
Total current liabilities	792,221
Capital lease payable, less current maturities	58,853
Long-term benefit payable	17,500
Total liabilities	868,574
NET ASSETS	
Unrestricted - general	12,562,171
Unrestricted - board designated	2,049,244
Total unrestricted net assets	14,611,415
Temporarily restricted	574,927
Total net assets	15,186,342
Total liabilities and net assets	$ 16,054,916

The Frank Lloyd Wright Foundation
Statement of Activities

	Year Ended July 31, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support				
Public tours and access	$ 3,603,113	$ -	$ -	$ 3,603,113
Licensing program	1,085,836	-	-	1,085,836
Retail program	1,921,020	-	-	1,921,020
Contributions, grants, and membership	1,430,106	496,357	-	1,926,463
Investment income				
Interest and dividends	63,102	-	-	63,102
Realized and unrealized gains	54,490	-	-	54,490
Other income	399,721	-	-	399,721
Net assets released from restrictions	174,638	(174,638)	-	-
Total revenues and other support	8,732,026	321,719	-	9,053,745
Expenses and Other Losses				
Preservation and stewardship	1,779,807	-	-	1,779,807
Retail program	1,489,511	-	-	1,489,511
Public tours and access	1,557,919	-	-	1,557,919
Taliesin fellowship	621,702	-	-	621,702
Licensing program	646,375	-	-	646,375
K-12 education program	238,963	-	-	238,963
School support	1,169,032	-	-	1,169,032
Total program	7,503,309	-	-	7,503,309
Fundraising and membership	855,617	-	-	855,617
Management and general	269,029	-	-	269,029
Total expenses and other losses	8,627,955	-	-	8,627,955
Change in net assets	104,071	321,719	-	425,790
NET ASSETS, beginning of year	15,019,309	1,324,352	411,227	16,754,888
Transfer of School assets and liabilities as of August 1, 2017	(511,965)	(1,071,144)	(411,227)	(1,994,336)
NET ASSETS, end of year	$ 14,611,415	$ 574,927	$ -	$ 15,186,342

See accompanying notes.

Year Ended July 31, 2018

	Preservation and Stewardship	Retail Program	Public Tours and Access	Taliesin Fellowship	Licensing Program	K-12 Education Program	School Support	Total Program	Fundraising and Membership	Management and General	Total Expenses
Program and special activities	$ 19,659	$ 2,721	$ 34,990	$ 6,569	$ 49,062	$ 1,342	$ 302	$ 114,645	$ 61,249	$ 326	$ 176,220
Salaries and related taxes	1,162,432	309,134	679,632	286,997	359,183	131,031	127,014	3,055,423	453,058	136,945	3,645,426
Fringe benefits	155,992	19,349	40,588	33,087	16,347	17,222	11,351	293,936	27,467	11,876	333,279
Depreciation and amortization	158,841	29,316	61,506	77,598	8,376	20,043	241,867	597,547	11,870	26,219	635,636
Printing	1,267	393	9,394	479	1,941	443	475	14,392	18,256	512	33,160
Professional and other fees	124,054	21,288	51,237	43,379	58,453	29,183	41,158	368,752	30,076	33,292	432,120
Interest/bank fees	6,231	49,084	9,739	3,481	1,560	638	3,267	74,000	7,063	3,523	84,586
Postage	6,564	27,084	57,409	343	474	75	384	92,333	4,853	366	97,552
Office supplies	65,483	18,675	7,683	12,462	1,273	11,830	1,891	119,297	5,910	1,914	127,121
Advertising and public relations	7,301	30,181	162,462	3,058	15,812	4,013	3,031	225,858	20,658	3,268	249,784
Travel	25,359	5,948	8,492	4,177	7,756	3,864	3,794	59,390	9,061	3,836	72,287
Telephone	11,625	4,408	8,240	4,383	4,541	972	2,610	36,779	5,931	2,576	45,286
Repairs and maintenance	476,074	1,279	2,864	2,561	749	351	1,876	485,754	1,270	2,022	489,046
Data processing	29,461	16,261	24,177	13,307	7,189	3,638	13,191	107,224	19,742	14,222	141,188
Insurance	41,108	13,233	32,357	21,381	8,465	3,970	21,366	141,880	13,340	22,851	178,071
Utilities	45,409	8,906	18,693	21,962	2,717	5,902	65,195	168,784	3,900	841	173,525
Dues	14,545	3,999	5,616	2,450	1,783	459	2,376	31,228	11,061	2,561	44,850
Rent expense	1,872	2,040	3,000	1,343	154	72	385	8,866	242	415	9,523
Support of School of Architecture at Taliesin	(576,147)	-	-	-	-	-	626,147	50,000	-	-	50,000
Cost of goods sold	-	906,137	-	-	-	-	-	906,137	-	-	906,137
Miscellaneous/other	2,677	20,075	339,840	82,685	100,540	3,915	1,352	551,084	150,610	1,464	703,158
Total	$ 1,779,807	$ 1,489,511	$ 1,557,919	$ 621,702	$ 646,375	$ 238,963	$ 1,169,032	$ 7,503,309	$ 855,617	$ 269,029	$ 8,627,955

The Frank Lloyd Wright Foundation
Statement of Cash Flows

	Year Ended July 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 425,790
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	635,636
Bad debt expense	100,000
Unrealized/realized gain on investments	(54,490)
In-kind contributions of assets	(186,792)
Change in assets and liabilities	
Accounts receivable	(18,554)
Other receivables	(45,007)
Bookstore inventories	25,127
Prepaid expenses	(102,784)
Accounts payable	228,603
Accrued expenses	(27,810)
Deferred revenue	(56,260)
Net cash provided by operating activities	923,459
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant, and equipment	(476,556)
Additions to archive, art objects, and drawing library	(1,039)
Purchase of investments	(363,473)
Proceeds from sale of investments	54,709
Transfer of School cash and cash equivalents	(632,546)
Net cash used for investing activities	(1,418,905)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital lease obligations	(17,267)
Payments on long-term benefit	(7,500)
Payments on line of credit	(775,510)
Borrowings on line of credit	635,000
Net cash used for financing activities	(165,277)
NET CHANGE IN CASH AND CASH EQUIVALIENTS	(660,723)
CASH AND CASH EQUIVALENTS, beginning of year	1,192,577
CASH AND CASH EQUIVALENTS, end of year	$ 531,854
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 8,072
NONCASH ACTIVITIES	
Transfer of School noncash assets and liabilities	$ 1,361,790

See accompanying notes.

Note 1 – Nature of Organization and Significant Accounting Policies

Description of organization – The Frank Lloyd Wright Foundation (the "Foundation") was formed under the laws of the State of Arizona as a nonprofit corporation.

The Frank Lloyd Wright Foundation owns both Taliesin West in Arizona and Taliesin in Wisconsin (which are designated as national historic landmarks), owns and stewards the intellectual property and approved use of everything Wright designed or created (including licensed products and reproductions), and engages in a variety of meaningful outreach programs and partnerships.

Effective August 1, 2017, the Frank Lloyd Wright School of Architecture (the "School") was split from the Foundation as a separate legal entity, now known as The School of Architecture at Taliesin (the "School"). The School operates as an entity independent from the Foundation. All assets and liabilities related to the School were contributed to the School by the Foundation on August 1, 2017. The net assets transferred to the School on August 1, 2017, totaled $1,994,336 and included primarily cash, investments, and pledges receivable. Control of the School does not rest with the Foundation, and therefore, the financial results of the School are not reported in these financial statements.

Cash and cash equivalents and concentration of risk – The Foundation classifies all highly liquid short-term investments with an original maturity of 90 days or less as cash equivalents. Periodically during the year, the Foundation maintains cash in financial institutions in excess of federally insured limits. The Foundation has not experienced any losses in such accounts.

Accounts receivable – The Foundation grants unsecured credit to its licensees and others, without interest. Management considers accounts over 60 days to be past due. Management provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of existing specified accounts through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Foundation generally does not charge interest on overdue customer account balances. At July 31, 2018, the allowance was $100,000.

Retail inventories – The Foundation adopted ASU 2015-11, *Inventory* on August 1, 2017. ASU 2015-11 requires inventory to be measured at the lower of cost and net realizable value. This resulted in a change in accounting principle and resulted in no impact on the consolidated financial statements or disclosures. Cost is determined using the FIFO (first-in, first-out) method.

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Property, plant, and equipment – Property, plant, and equipment items that are purchased are recorded at cost. Donations of property and equipment are recorded as in-kind revenues at the asset's fair market value on the date of donation. The Foundation follows the practice of capitalizing all expenditures for equipment in excess of $1,000. Property, plant, and equipment are depreciated over the estimated useful lives of the related assets principally on an accelerated method using the following lives:

	Years
Buildings and improvements	5–30
Furniture, fixtures, and equipment	5–10
Transportation equipment	5
Land improvements	5–19

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Maintenance and repairs are charged to expense and renewals, and betterments are capitalized.

Equipment leased under capital leases are stated at the lesser of the present value of the minimum lease payments during the lease term or the fair market value at the date they were placed into service. Amortization is provided using the straight-line method over the lesser of the term of the lease or the estimated useful lives of the assets and is included with depreciation expense on owned assets.

The Foundation reviews the carrying values of property, plant, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended July 31, 2018.

Archives, art objects, and drawing library collections – The Foundation capitalizes contributions to its archive, art object, and drawing library collections. The original archive is recognized at a nominal value of $1. Subsequent additions to the collections are recognized at the cost of the acquired items. Ongoing preservation and restoration costs are capitalized as incurred. Standard guidelines for works of art on paper are used to protect and preserve the collection.

Net assets – The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Unrestricted net assets are assets not subject to stipulations imposed by the donor and are currently available for expenditures. Unrestricted net assets include net assets transferred from temporarily restricted net assets after temporary restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed. Unrestricted net assets include those funds presently available for use by the Foundation at the discretion of management. The board of trustees of the Foundation has placed a designation on certain funds in the amount of $2,049,244 at July 31, 2018, which is designated for the preservation of buildings and other assets owned by the Foundation and the funding of certain projects within the Foundation.

Temporarily restricted net assets are assets subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. The temporary restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions.

Permanently restricted net assets are assets that are subject to the donor's specifications that the principal balance be maintained in perpetuity and only the interest and dividend income or a portion of the income is available for restricted purposes as specified by the donor or, if not specified, for unrestricted purposes of the discretion of management. As of July 31, 2018, there were no permanently restricted net assets.

Revenue recognition and deferred revenue – The Foundation recognizes revenue from the retail store, visitation, and education programs when services are provided or when the goods and merchandise are sold. Licensing program (royalty) revenue is recognized as a percentage of product sales made by licensees of the Foundation. Cash payments received for future tours or orders of sculptures are recorded as deferred revenue.

Contributions received, including unconditional promises to give, are recognized as revenue in the period the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support.

Donated assets and services – Items donated as gifts in-kind that are used in the Foundation's programs are recorded as income and expense at the time the items are received, which is normally also the time they are placed into service. Donations of library books, collections, or items which meet the capitalization threshold are recorded as assets.

Contributed building and land improvements are recorded at fair value at the date of donation as unrestricted support and revenue unless the use of the assets is limited by a donor-imposed restriction. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills and are provided by individuals possessing such specialized skills.

The Foundation recorded in-kind donations and contributed services for the year ended July 31, 2018 of $199,998, of which $186,792 were capitalized as property, plant, and equipment.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Community members in Arizona and Wisconsin volunteered as tour guides, administrative assistants, and facilities technicians. A dollar valuation of their effort is not reflected in the financial statements because it does not meet the criteria for recognition. Volunteer hours for the year ended July 31, 2018, were 9,518 (unaudited).

Functional allocation of expenses – The cost of providing the Foundation's various programs and other activities has been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on an analysis of time and expenses.

Advertising – Advertising costs are charged to operations as incurred. Advertising expense for the year ended July 31, 2018, was $249,784.

Income taxes – The Frank Lloyd Wright Foundation is organized as an Arizona nonprofit organization and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and has been determined not to be a private foundation under Section 509(a)(1). The Foundation files annually a Return of Organizations Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

Management has determined the Foundation has no taxable unrelated business income and it has not filed the Exempt Organization Business Income Tax Return (IRS Form 990-T).

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

The Foundation has evaluated subsequent events through November 9, 2018, which is the date the financial statements are available to be issued.

Note 2 – Conditional Promises to Give

The Foundation has been named the beneficiary of a charitable remainder unitrust. Upon the death of both donors listed in the trust, the Foundation would receive $40,000. The Foundation can be replaced as a beneficiary, therefore, the Foundation has not recognized a promise to give.

A signed gift agreement was received from a Scottsdale residential home builder on December 1, 2014. For each home sold by this builder at the planned Cavalliere Ranch in North Scottsdale, $500 will be provided in as-sold quarterly installments after closing and will be gifted for all planned phases of the project. As of June 31, 2018, construction had not yet begun. As the gift is conditional upon sale of the houses, the Foundation should not have recognized it is a promise to give in 2014. Therefore, this correction of an error in previously issued financial statements reduced temporarily restricted net assets, beginning of year and total net assets, beginning of year as reported in the statement of activities by $142,921.

Note 3 – Fair Value Measurements

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.
>
> **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> **Level 3** – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

Note 3 – Fair Value Measurements (continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

Corporate bonds and notes are valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. Common stock is valued at the closing price reported on the active market on which the individual securities are traded. Shares of mutual funds, bond funds, close-end funds, and exchange traded funds are valued at the daily closing price as reported by the fund.

Fair value of assets measured on a recurring basis are as follows as of July 31, 2018:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Corporate bonds and notes	$ 414,427	$ 414,427	$ -	$ -
Marketable equities - common stock	512,155	512,155	-	-
Mutual funds and bond funds	1,437,385	1,437,385	-	-
Close end funds and exchange traded funds	19,013	19,013	-	-
Total investments	$ 2,382,980	$ 2,382,980	$ -	$ -

Note 4 – Property, Plant and Equipment

Property and equipment at July 31, 2018, consisted of:

Buildings and improvements	$	11,147,323
Furniture, fixtures, and equipment		4,679,985
Transportation equipment		111,761
Land improvements		1,569,968
Total depreciable property, plant, and equipment		17,509,037
Less accumulated depreciation and amortization		(8,834,657)
Total depreciable property, plant, and equipment, net		8,674,380
Construction in progress		246,488
Land		870,573
Total property, plant, and equipment, net	$	9,791,441

The assets reported in the table above held under capital lease as of July 31, 2018, are as follows:

Furniture, fixtures, and equipment	$	96,131
Less accumulated amortization		(19,527)
	$	76,604

Construction in progress consisted of the following items at July 31, 2018:

Taliesin West		
Carousel roof	$	56,334
Fabric roof study		33,238
Technology upgrade		13,000
Gate		5,517
Miscellaneous		17,747
Taliesin		
Geothermal project		103,950
Hillside drainage		9,889
Miscellaneous		6,813
	$	246,488

Note 5 – Lines of Credit

The Foundation had an available line of credit in the amount of $500,000 that had a variable rate of prime plus 1% (6.00% as of July 31, 2018). The line was uncollateralized and matured on August 10, 2018, at which point there was no outstanding balance on the line. The Foundation also has an available revolving line of credit of $1,000,000 that has a variable line rate (3.86% as of July 31, 2018). The line is collateralized by investments held with the investment firm. No amounts were outstanding as of July 31, 2018.

Note 6 – Capital Lease Payable

The Foundation has entered into a capital lease agreement for copiers. The lease requires monthly payments of $1,692, including interest at 3.95%. The maturing date of the copier lease is August 2022. Annual payments of the capital lease is as follows:

Year ending July 31,		
2019	$	20,305
2020		20,305
2021		20,305
2022		20,305
Total minimum lease payments		81,220
Amount representing interest		4,766
Present value of minimum lease payments	$	76,454

Note 7 – Related-Party Transactions

As of July 31, 2018, the Foundation and Taliesin Preservation Inc. (TPI) have two board members in common. In partnership with the Foundation, it is the mission of Taliesin Preservation, Inc. to conserve the masterful buildings and landscape of the Taliesin estate and to educate the public on Frank Lloyd Wright the man, the architect, his architecture, and the ideas that continue to inspire other architects around the world. In-kind gift contributions from TPI of $99,739 were predominately for construction projects in progress during the fiscal year ending July 31, 2018. The Foundation paid approximately $50,000 in payroll expenses for employees of TPI during the fiscal year ended July 31, 2018.

A member of the board of trustees donated in-kind art conservation and restoration services on an Asian screen that is an integral part of the art collection installed at Taliesin, the house located in Wisconsin. The value of these in-kind services totaled $10,053 during the fiscal year ended July 31, 2018.

Note 7 – Related-Party Transactions (continued)

Effective August 1, 2017, the Frank Lloyd Wright School of Architecture (School) was split from the Foundation as a separate legal entity. The School operates as an entity independent from the Foundation, although the Foundation remains as the sole member of the School. Under a Memorandum of Understanding (MOU) between the Foundation and the School, the Foundation provides certain services and facilities for the School. Under the MOU, the Foundation will provide the School the use of space at Taliesin and Taliesin West as a donated service. The Foundation also provides certain administrative functions for the School subject to an agreement on the maximum level of support per year. That maximum was not exceeded during the fiscal year ended July 31, 2018, resulting in donation of all administrative services. The Foundation provides food service to the School in both locations subject to the School reimbursing the Foundation for its allocated portion of actual expenses. During the fiscal year ended July 31, 2018, a donor requested the Foundation process a grant to support the School. The grant, at the wishes of the donor was passed through the Foundation to the School.

The total related-party transactions between the Foundation and the School during the fiscal year ended July 31, 2018, is as follows:

Facilities use	$ 882,428
Administrative services	236,604
Total donated services	1,119,032
Food service expenses	212,712
Reimbursement of food service expenses	(212,712)
Grant passed through at donor's direction	50,000
Total related party transactions	$ 1,169,032

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of July 31, 2018:

Purpose Restrictions, Available for Spending		
Preservation and restoration	$	307,097
Technology upgrade		229,372
Miscellaneous		18,458
Total purpose-restricted net assets		554,927
Time Restrictions		
Future operations		20,000
Total time-restricted net assets		20,000
Total temporarily restricted net assets	$	574,927

Net assets were released from restrictions as follows during year ended July 31, 2018:

Satisfaction of purpose restrictions		
Preservation and restoration	$	72,668
Technology upgrade		77,728
Miscellaneous		24,242
Total releases from restriction	$	174,638

Note 9 – Retirement Plan

The Foundation has a defined contribution retirement plan for the benefit of its employees. Employees are eligible to participate in the plan if they are 18 years or older and have completed one year of service. The plan provides for discretionary employer contributions. Discretionary matching contributions for the year ended July 31, 2018, totaled $15,867.