

NEVADA COMMISSION FOR  
CULTURAL CENTERS AND HISTORIC PRESERVATION (CCCHP)  
**GRANT APPLICATION FY2019-2020**

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Initials: SS  
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**APPLICATION COVER PAGE** (This *unaltered* form must be submitted with the application.)

Applicant Organization: Nevada Northern Railway Foundation, Inc.

EIN (Taxpayer Identification Number): 88-0203211

Mailing Address: PO Box 150040

City: Ely County: White Pine ZIP: 89315

Project Contact: Mark S. Bassett

Title: President

Daytime Phone: (775) 289-0103

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Fax: None

Email: president@nnry.com

Project Title: Urgent Building Repair – Transportation Building

Project Address: 1100 Avenue A

City: Ely County: White Pine ZIP: 89301

Project Type:  Rehabilitation/Construction  Planning/Construction  Architectural/Engineering Study/Construction

Historic Property Name: Transportation Building Date Built: 1910

Property Insured:  Yes; please enclose one copy of policy  No; please explain: \_\_\_\_\_

Project Synopsis (brief): This grant request is for making urgent repairs to the Transportation Building and the records vault that were constructed in 1910. The lower roof of the building is pulling away from the front of the structure. Furthermore the century old records in the vault are not being stored properly. The Foundation has applied for a Save America's Treasures to address the issue of records storage. Yet file storage is only one issue. There needs to be a new door to the vault, along with a proper HVAC system and fire suppression system. Moreover, our plan is to remodel the ground floor room in front of the vault to create a research center.

Proposed Start Date: Upon Funding

Proposed End Date: December, 2021

**Project Budget Summary:**

Amount Requested: \$ 188,150

Proposed Match: Cash \$ 206,500

In-Kind/Donations: \$ 79,628

Total Project Budget: \$ 474,278

Applicant's authorized signature:

Name (please print): Mark S. Bassett

Title: President

Date: February 28, 2020

**I HAVE READ THE 2019-2020 CCCHP APPLICATION  
GRANTS MANUAL\***

**\*PLEASE NOTE—IF THIS PAGE IS NOT SIGNED, THE APPLICATION IS CONSIDERED  
INCOMPLETE AND CANNOT MOVE FORWARD IN THE FUNDING PROCESS.\***

I HAVE READ THE GRANTS MANUAL AND COMPLETED THIS **CCCHP APPLICATION FOR  
2019-2020** AND CERTIFY THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO  
THE BEST OF MY KNOWLEDGE.

**Applicant's authorized signature:**



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Title: President

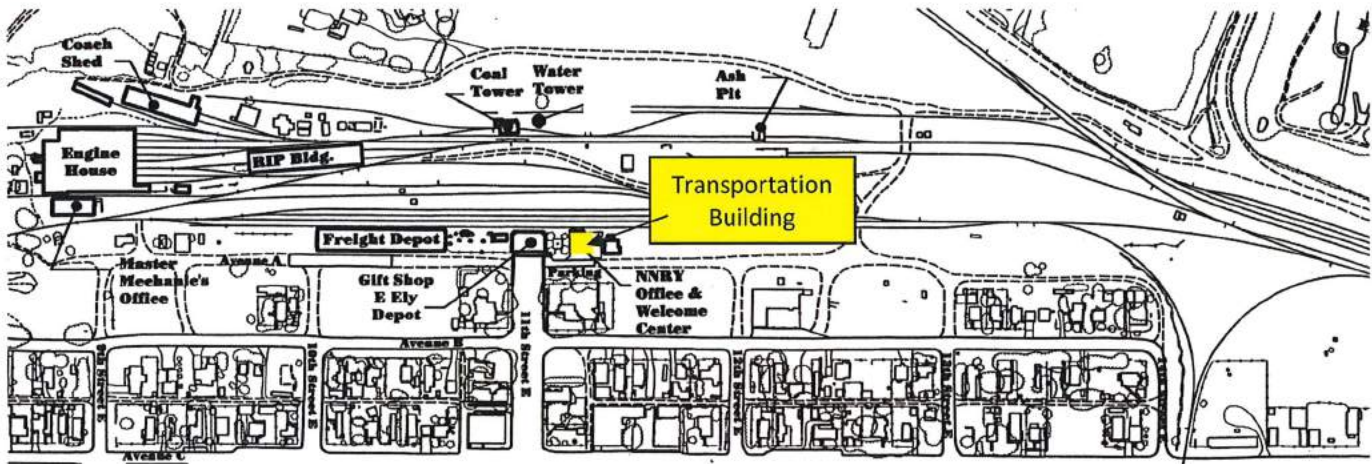
Name (*please print*): Mark S. Bassett

Date: February 28, 2020

## Part II. Narrative

### 1. Project Description.

- What building(s) are you restoring/rehabilitating?



Nevada Northern Railway East Ely Shops National Historic Landmark

This grant request is for making urgent repairs to the Transportation Building and records vault. In 1910, the Nevada Northern Railway constructed a building next to the East Ely Depot to provide additional office space. It was also decided that secure records storage was needed to house important documents. The resulting space on the first floor of the new building consisted of a concrete storage vault accessible through a single vault door. Upon completion of construction, the existing records from 1905-1910 were moved into the vault and new records were constantly added from then on.

When railroad operations ceased in June of 1983, workers left everything in place. Typically, in a case such as this, old records would have been destroyed, dispersed or boxed up and moved to storage elsewhere within the company. The conversion of the property into a living museum soon after the railroad closed meant that everything in the vault remained in place, effectively creating a time capsule for historians and researchers. The resulting collection of documents represents one of the most complete collections of 20th Century railroad documentation to be found anywhere in the country. Included are documents such as: conductor's reports, purchasing/accounting ledgers, commissary records, dispatcher's books, blueprints, correspondence, accident reports, maps, timetables, etc.

There are four main goals for the proposed project:

(1) Using CCCHP and local funds the vault would receive new electrical service, lighting, HVAC to control humidity and air quality, and a monitoring system to include fire and burglar alarms with an archive-type fire suppression system. Additionally, the Foundation would remodel a room next to the vault as a research and study room. This would allow researchers, students and the public a place to use the railroad's records for research. Repairs would also be made to the lower roof structure of the Transportation Building.

(2) The Foundation has an active Save America's Treasures grant to replace the current standard shelving in the record's vault with high-density rolling shelving to maximize the amount of available storage space within the existing room. Additional records storage space will be utilized for records currently stored outside of the vault due to the current lack of space.

(3) To acquire adequate storage materials to properly store the collection and ensure preservation. These materials will include archival boxes, map tubes, document sleeves and folders.

(4) To complete a cursory organization of the documents in preparation for further archival and curation work to be completed after this project is complete.

**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

- What is the historical significance of the property?

The Nevada Northern Railway East Ely Yards is the last complete rail facility still in existence in the United States. It is the extraordinary completeness of the complex that raises it to National Historic Landmark (NHL) status.

The historic significance of the complex cannot be understated. William L. Withuhn, Curator Emeritus, History of Technology & Transportation at the Smithsonian Institution believes: *"Among all railroad historic sites anywhere in North America, the Nevada Northern Railway complex at East Ely is – no question in my view -- the most complete, most authentic, and best cared-for, bar none. It's a living American treasure and a stand-out one. Historic tracks, original depot and office building, enginehouse, freight shed, three original steam locomotives, five historic and rare wooden passenger cars, Kennecott diesel engines, 60 early freight cars, working machine shop, foundry -- even the cooling tower and water tower that are icons of the site -- everything is still there. I've been in this business for over two decades, and there's nothing like it. It's a precious piece of Nevada's heritage and, just as important, a step back in time into an all-important era in American history and our Nation's cultural heritage."*

Most of the buildings and structures were constructed following an eighteen month period of market uncertainty that climaxed with the financial Panic of 1907. To conserve money, most of the support buildings were built at minimal cost using minimal materials. And this is the challenge – preserving all of the buildings at the railroad – so we can tell the complete story of the railroad and mining in Nevada.

In addition to the buildings and structures are the locomotive and rolling stock collection that is nationally and internationally significant because of its originality and completeness. We have two operating steam locomotives that were delivered to the Nevada Northern in 1909 and 1910. Our oldest piece of rolling stock that is still in service was built in 1872, when President Grant was in the White House and not on the \$50 bill.

The invaluable support and assistance that we have received from the Commission has allowed us to address the gravest issues concerning the buildings. Over the course of the past decade we have worked hard to preserve the buildings and structures of the complex. CCA and CCCHP grants have saved seven irreplaceable buildings from collapse. Progress has been made to stabilize and make basic repairs to all of the buildings and structures throughout the complex. We have also tackled updating and making the utilities safe and useful throughout the complex.

This work has allowed us to open additional parts of the complex for the community and tourists to explore and experience. The investment has allowed the complex to develop cultural programming, educational programs, internships, historical seminars and, of course, operate our popular excursion trains. Bottom line – The support from the Commission has allowed us to increase our outreach. The complex is now open to the public daily, year round.

Tremendous progress has been made across the mile long complex. But our work is nowhere near accomplished. Since the complex is a small city, there is still a profusion of work to do. This grant will address serious issues in the Transportation Building and in the records vault. Better yet at the conclusion of this project, the vault records will be stored correctly, made accessible to the public with a specially designated space for curation and research.

The records are comprehensive, virtually every record is there, starting with the original deposit book that Mark Requa used to start the railroad in 1905, and ending with the transportation sheet of the Nevada Northern's last day of operation in June 1983. It is probably the most complete paper record of any North American railway. The completeness of the collection ranks it among the top ten of any collection of company records in the United States.

The collection's research potential is tremendous. Already the railroad's records were used by the United States Department of Justice in its research of Japanese-Americans interned during World War II. That

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research supported claims that had been filed under The Civil Liberties Act of 1988, a federal law that granted reparations to Japanese Americans who had been interned by the United States government during World War II.

- **How do you propose to restore/rehabilitate it?**

The ground floor of the Transportation Building will be clean out. The vault records will be moved to a temporary secure storage site with a HVAC system during construction. The room next to the vault that is to be used as a research and study room will also be emptied during construction. The north wall of the room will have to be opened to secure the lower roof that is on the other side of the wall. The south wall of the room will also have to be opened to the new vault door. Once the construction work is complete, the records will be returned and the new anteroom for the vault will be remodeled with a fire and burglar alarm installed.

- **Who will be doing the work?**

Our plan is to use licensed contractors to do the work. We will hire a concrete cutting specialist to cut the vault wall and install a new door. The electrical work, HVAC and repair work will be done by licensed contractors assisted by staff, volunteers and the honor camp.

- **What is the timeline for the project?**

Work will commence with the awarding of the grant and the release of the grant funds. Work should be completed within 18 months.

- **Who holds title to the property?**

The property is jointly owned by the City of Ely and the Nevada Northern Railway Foundation.

## **2. Building Use/Community Involvement.**

- **How and by whom will the facility be used?**

The historic complex is used by community members, visitors, educators, craftsmen and students. The museum is very popular. We now have over 3,000 dues paying members that support the activities of the museum. We have members in every state in the union and around the world.

In the past ten years we have more than doubled the number of people who visit the museum. Currently close to 34,000 people a year makes the trek to Ely to experience this Nevada treasure. We have broadened our visitor base. Community organizations hold their meetings and events at the facility. Visitors from around the globe come to Ely to experience what steam railroading was like in the last century. Our educational outreach program has brought school children from White Pine, Elko and Clark counties to the railroad. Additionally we have started a web based video outreach program called Railway Fun, Facts and Trivia. There are 12 short videos on the railroad that feature different aspects of the museum. These videos can be accessed from our home page [www.nnry.com](http://www.nnry.com).

We also offer a very successful hands-on experience called Railroad Reality Week. Now in its twelfth year, the camp explores the intricacies of railroading. This week long course covers all aspects of the technology of railroading. There are workshops on metal working, locomotive repairs, locomotive operations, dispatching, track work, train operations and preservation issues. Participants are immersed in the skills by receiving hands-on training.

Our long term goal is to develop an Associates' Degree program in the Heritage Industrial Arts. This program would teach the thought processes and skills that developed the technology that had such a profound influence on the development of our country and still does today.

Because the buildings and structures still exist, we have the opportunity to become an Industrial Williamsburg. By developing the Industrial Williamsburg concept along with our National Landmark Status, we can become a world class heritage preservation site. But this will only happen if we cannot use the buildings and protect them.

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The museum is developing programs that showcase the technology of railroading. Railroading has a fascinating story to tell. Before steam locomotives, the fastest a person could travel was as fast as horse could gallop. There was no device on the planet capable of independent movement that could carry goods and people distances before the invention of the steam locomotive, it changed everything. The technological innovation of railroading was instrumental in opening up the continents. Today, would there be a United States that spans the continent without the transcontinental railroad? President Lincoln didn't think so, he signed the Pacific Railroad Act in the depths of the Civil War. The transcontinental railroad banded the east coast to the west coast. The railroad tied Nevada and California to the Union. Remember California was an independent republic before it became a state.

A steam locomotive is expensive to operate; it needs specialized tools and knowledge. It is obsolete technology. Yet, how can we understand the genius that created it, if it doesn't operate? Yes - genius. Enginehouse workers were some of the most highly skilled craftsmen in America. They had to be – steam locomotives were high maintenance machines with few interchangeable parts. These men could take a piece of iron and literally bend it to their needs. They captured the god of fire and put him to work.

And there is a relevance to the 21<sup>st</sup> century in what we do. As a society we are now beginning to recognize the importance of teaching the skills needed to keep our society humming. In the educational world they are using the acronym STEAM: Science, Technology, Engineering, Arts and Mathematics. This is what we do on a daily basis.

Developing a records research center in the Transportation Building and allowing the century old records to be curated and made available for research dovetails with the museum's mission. Our overreaching goal is to become ***THE*** center of knowledge of 19<sup>th</sup> and 20<sup>th</sup> century of industrial skills and arts. Our outreach programs have already started and are producing results.

This is the experience we are offering our visitors. We are so much more than our popular excursion train rides. We take the visitors behind the scenes by offering tours of the shop buildings. This allows our visitors to experience first-hand, the genius that created a technology that conquered the continents. With the opening of the research center, we will be able to add to that experience.

- Who will be responsible for management of the building and its programs/activities?  
The Nevada Northern Railway Foundation will be responsible for the management and maintenance of the buildings.
- How has the community been involved in your project?  
The community has been involved in the railroad since the founding of the Foundation. If it wasn't for the vision of community leaders, the Nevada Northern Railway would have been scrapped. They fought for the railroad and saved it. Both White Pine County and the City of Ely passed a lodging tax to support the railroad. Every room night kicks in 2% of the cost of the room to the railroad.

Our local Tourism and Recreation Board support the railroad with financial contributions. Annually, we partner with our Tourism and Recreation Board to offer free train rides to the community. In the fall, the railroad provides a free Food Train for the community. Fare to ride the train is a donation of a non-perishable food item. All of the food collected is donated to the community food bank.

The railroad is a source of pride to the community, the community logo features the railroad and with the tagline, Ely All Aboard! A recent community review highlighted the fact that the railroad is the community anchor.

Recently Ely became one of Nevada's Main Street Cities. This is partnership between the community, the railroad, our tourism board with participation of city and county governments. This program came about because of the recognition of the need to improve Ely's downtown. The impetus for this renaissance can about by a grant written and managed by the railroad.

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- How will the community continue to be involved in your project?

Day in and day out the community is involved with the railroad. People who have visitors coming to town bring them to the railroad. The railroad and the community are intertwined. Many residents either worked for the railroad or had family members who did. In recognition of the tight ties between the community and the railroad, we offer a special discount to residents of White Pine County to ride the train.

Opening the research center will make available the records of the railroad to the community.

- How will the community continue to be involved in the use of the building?

White Pine County grew because of the railroad. And now today the railroad grows because of White Pine County. We offer special rates to county residents. Our long-term goal is to create the Heritage Industrial Art Institute to teach the mechanical skills needed to not only keep the railroad operating but also to provide transferable skills that students will use in industry.

Having a secure temperature controlled facility for the railroad's records combines our current plans and brings them to the next level.

- How are your restoration/rehabilitation plans related to the uses of the building?

The Transportation Building has been the heart of the railroad since it was built in 1910. The people who worked in the building literally kept the railroad running day in and day out. Now a century later those same positions continue the tradition.

The remodel of the vault and the creation of a research room only cements into the place the importance of the Transportation Building as the heart of the railroad. On the top floor of the building, the employees there will keep the trains rolling, creating more history.

On the ground floor, the history of the railroad will be made accessible to the public and at the same time that history will be preserved with the appropriate safeguards in place.

- Of what importance to tourism (cultural or otherwise) will the facility have?

We are the little railroad that does! We bring tens of thousands of visitors to rural Nevada each year. BUT we have not even come close to reaching our full potential. We have received national and international exposure through our partnership with the History Channel.

When you talk tourism potential, you're talking the Nevada Northern Railway! And this tourism potential is not only for us! The railroad serves as an anchor destination for rural Nevada. People who visit the railroad come from around the world to experience this truly exceptional, one-of-a-kind place.

There is no other attraction in rural Nevada that has the potential of increasing regional, national and international tourism in Nevada as the Nevada Northern Railway, National Historic Landmark! We offer our visitors the quintessential western American icon – the steam locomotive in operation. Our programs are truly, unique.

Throw in some cowboys, unsurpassed scenery, a national park and you have a winning combination that drives tourism growth for all of the regions in the state. Why all of Nevada? Our tourists come from California, followed by Utah, Arizona, Oregon and Washington. Over 99.9% of our visitors come here by car. To get here, they must drive through the other areas of the state - leaving money behind in their wake! Better yet, our customer base is broad. We attract all types of visitors: from families to high-income individuals. The return on every dollar invested in this Nevada treasure will not only help the railroad - but will also have an impact on tourism throughout rural Nevada. The Nevada Northern Railway, National Historic Landmark has the potential for increasing tourism growth in all of rural Nevada. We bring tourists to rural Nevada day in and day out year round!

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**3. Project Support/Financial.**

The Kennecott Copper Corporation donated the Nevada Northern Railway complex to the City of Ely and the Nevada Northern Railway Foundation, Inc. The Foundation manages the complex.

The museum has experienced fifteen years of record growth. The Foundation has successfully generated over \$28,000,000 revenue over the past fifteen years for both restoration and operation of this Nevada treasure. The Foundation is responsible for over 72 buildings and structures, 30 miles of railroad track, its own utility system, roads, and of course 4 steam locomotives, 12 diesel locomotive and over 100 pieces of antique railroad cars.

The museum has a very active volunteer base that generates tens of thousands of hours of free labor per year.

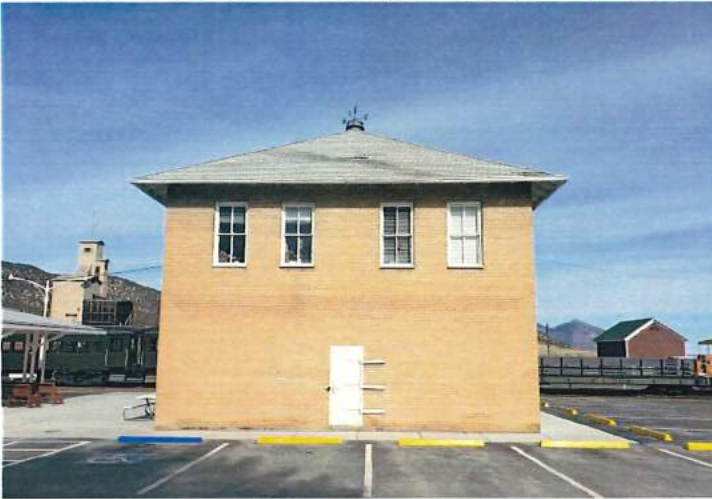
Revenue comes from corporate sponsorship, memberships, excursion trains, grants, individual contributions, as well as a 2% tax on lodging in White Pine County to benefit the Nevada Northern Railway Museum's programs.

**4. Planning.**

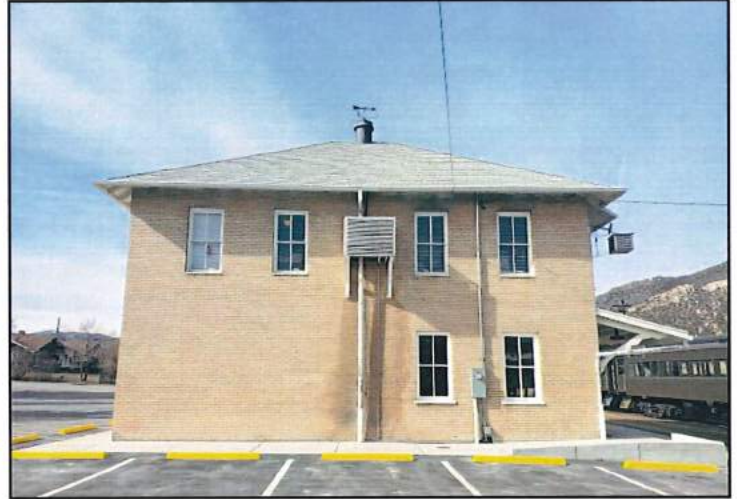
No request for financial assistance for planning is being made.



1. Transportation Building Exterior Photographs



Above, South Elevation  
Above, North Elevation



Above, East Elevation  
Above, West Elevation



The entire lower roof structure is pulling away from the building. All of the wooden supports have a gap between them and the wall. There is now a gap along the entire roof. It has slowly been getting worse.

## 2. Transportation Building Interior Photographs



To tighten the bolts that are holding up the lower roof on the north side of the building this wall will have to be opened to get to the bolts.



To the right is the south wall of what we currently call the Visitor's Welcome Center. The wall behind the mannequin will have to be opened to cut a hole in it to access the vault.

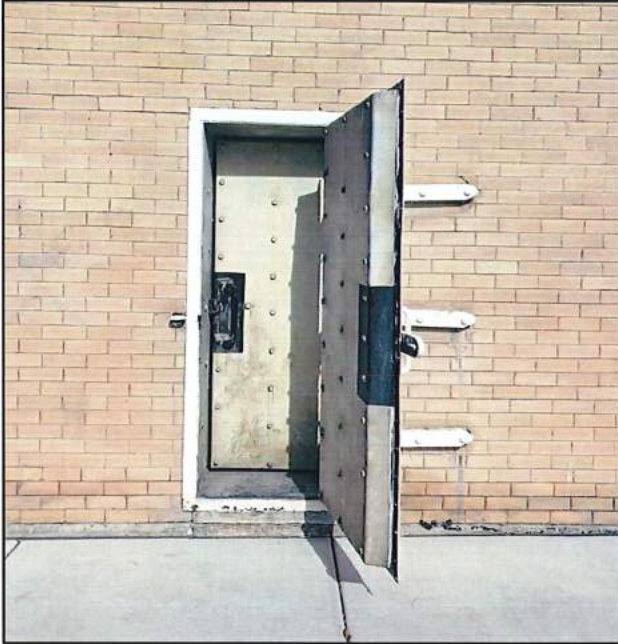
This room would then become the anteroom to the vault. Converting this room as an anteroom allows more shelving and flat file to be placed in the vault.

This room can then be used as an archival center for staff to work on the records to preserve them and catalog them. Additionally staff will be able to digitize the records here too. Scholars, researchers

and the public will be able to use the room as a research center too.

As part of the remodel of this room will be installing a HVAC system to stabilize the climatic conditions in this room and the vault.

### 3. Vault Photographs



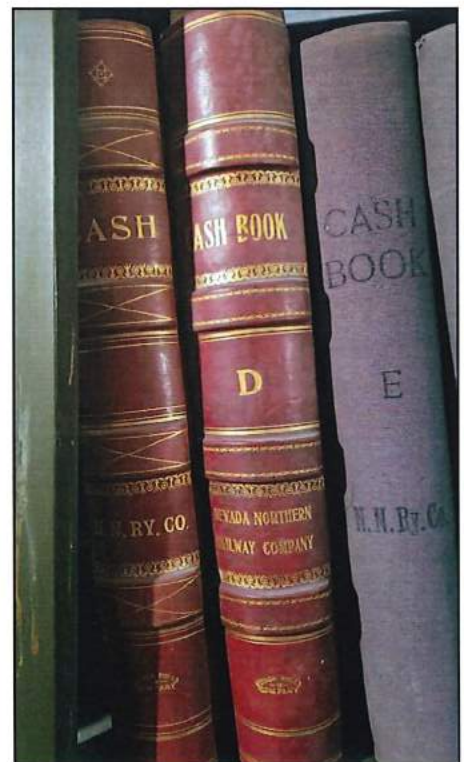
To the left is the only access to the vault. It is heavily secure it is not conducive to entering the vault especially during inclement weather. This grant would provide funds to open an additional doorway into the vault from the interior of the building. The new entrance would have a high security door installed.

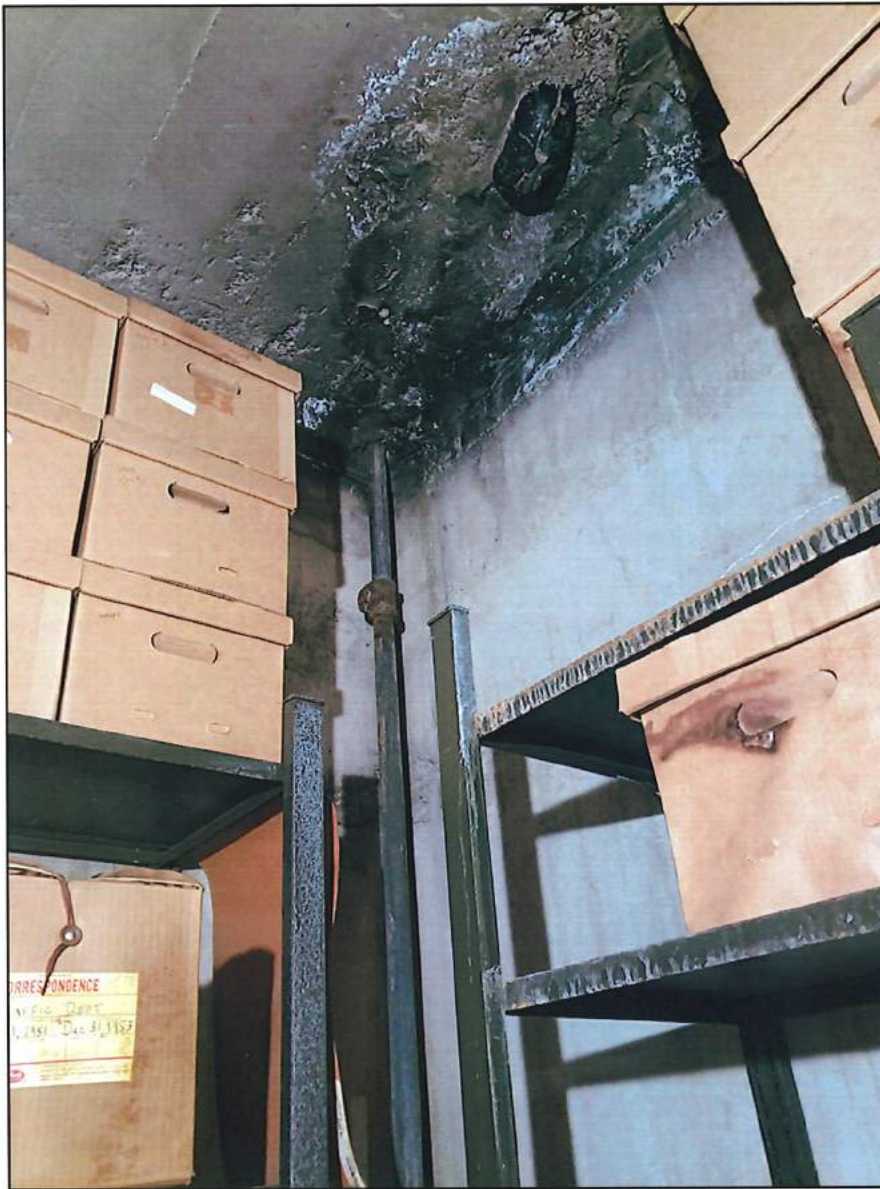


In the photo on the left, the new doorway would be cut into the wall in in the right hand corner of the building. The two photos also illustrates the electric issue in the vault. The original 1910 lighting with a lack of outlets.



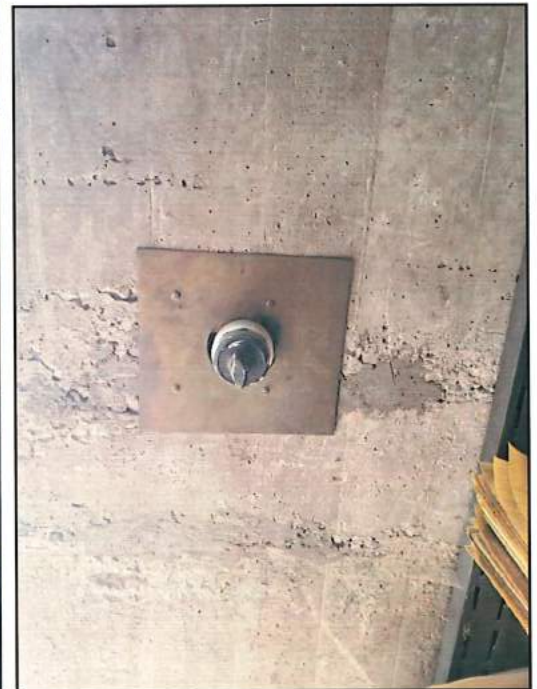
To the right is a close up of a CASH BOOK that is in the vault. It is part of the amazing record stored there.





In the northwest corner of the vault is a sewer pipe and drain. As part of the remodel we are going to attempt to abandon these lines and seal them.

Below to the right is *the* light switch that controls the lights.



The vault is essentially untouched since its construction in 1910. And the records for the most part have also remained untouched too.

Recognizing that the threat to the collection is severe. The Foundation submitted a Save America's Treasure Grant last December requesting \$249,000 for High Density Mobile Shelving, Archival Flat Files and Archival Boxes and Tubes for record storage. The grant submission received Letters of Support from Senator Cortez Masto, Senator Rosen and Representative Horsford. A decision is expected by June 2020.

The funding from the Save America's Treasures grant will only address the storage issues of the records. Awarding this grant will address the building and vault issues. Additionally, funds awarded under this grant can be used as match for the Save America's Treasures grant. The combination of the two grants will address the needs of not only the Transportation Building but also the railroad's records.

While the vault room itself still provides adequate security to all documents stored within it, it is lacking a correct ventilation system to maintain the proper dust-free environment with the proper humidity and temperature, a security system and a fire suppression system to protect the collection.

The Save America's Treasures grant is to address the inadequate storage within the room. The current system is severely inefficient for the volume of documents that require storage in the room and on the National Historic Landmark site. The existing traditional shelving has been completely overwhelmed with cardboard boxes of documents, ledger books, manuals, loosely stacked documents and rolled up maps and drawings.

Tables in the center of the room are overrun with additional boxes and documents that cannot be stored on the shelves. In addition to the records within the room, there are boxes of records stored scattered elsewhere on the property with little or no controls due to the lack of space within the vault.

The overcrowding has led to the collection becoming inaccessible to researchers and even to staff.

Threats to the Collection:

- (1) With records packed so tightly on the shelves, some damage has already occurred to some of the records. Overcrowding could damage additional records. There is no systemic method for records being removed and replaced during research projects due to the overcrowding.
- (2) With the current disorganization, lack of space and previous misguided attempts of cataloging the collection, there is little to no accountability or tracking of any documents stored within the vault. On the previous misguided attempt to catalog the collection, improper labels were affixed to the boxes. Over time the adhesive on the labels failed, causing most of the labels to fall off the boxes and flutter to the floor. Currently, the floor looks like a snow flurry had passed through the vault. Now the boxes are unmarked and must be gone through one at a time. But this is problematic because there is no room in the vault to do this review. Additionally without a better utilization of the storage area, there is no room to make any improvements to the collection or bring other unsecured records from across the Landmark into the vault for proper storage.
- (3) The current boxes being used are degraded archival boxes that are over 30 years old or are of non-archival quality and do not lend to the long-term preservation of the documents stored within.
- (4) Records in the room that cannot fit on the shelves are currently stored in boxes and on tables around the room. Other records are stored in various places around the property with no system of securing or inventorying these records.

This grant application addresses the needs of the building that will work in conjunction with the Save America's Treasures Grant. A fair question is what happens if the Save America's Treasures grant is not awarded?

The Foundation is committed to this project. The irreplaceable records of the railroad need to be protected and made available to the public. We already know that there is a wealth of information in those records.

The collection represents the entire history of a railroad from planning through construction, operations, transition from steam to diesel and eventual closure. The preservation of these records was one of the factors that led to the declaration of the railroad as a National Historic Landmark in 2006.

While it is true that the records are specific to the Nevada Northern Railway, the collection documents 20th Century events that happened in the United States. A thorough study of the documents has already led to profound discoveries of social, economic, political, and cultural events of not only the region, but of the entire nation.

It is the mundane daily correspondence that is preserved in the vault that has provided insight into some of the most significant events of the past century from immigration to the western United States; the internment of Japanese-American citizens; above-ground nuclear weapons testing; to the more routine, university research into the demographics of company towns.

A 1941 letter found in the archives of the Nevada Northern Railway supported the claims of hundreds of Japanese Americans for millions of dollars in reparations that had been denied by the federal government because the government claimed they were not liable to pay claims filed by railroad workers of Japanese American ancestry who had been fired by the railroads but had been rehired after the war. A letter dated December 11, 1941, by H. M. Peterson, a Nevada Northern Railway official, proved that a governmental directive caused the dismissal of Japanese American railroad workers. In 1988, the Department of Justice used records found in this collection as evidence for more than 250 reparations claims for Japanese-Americans that had been dismissed from their railroad jobs at the direction of the FBI after the attack on Pearl Harbor.

The Nevada Test Site (NTS), 65 miles north of Las Vegas, was one of the most significant nuclear weapons test sites in the United States. Nuclear testing, both atmospheric and underground, occurred there between 1951 and 1992. One hundred of the nuclear tests were atmospheric. Prevailing winds moved the radioactive clouds east and northeast of the test site.

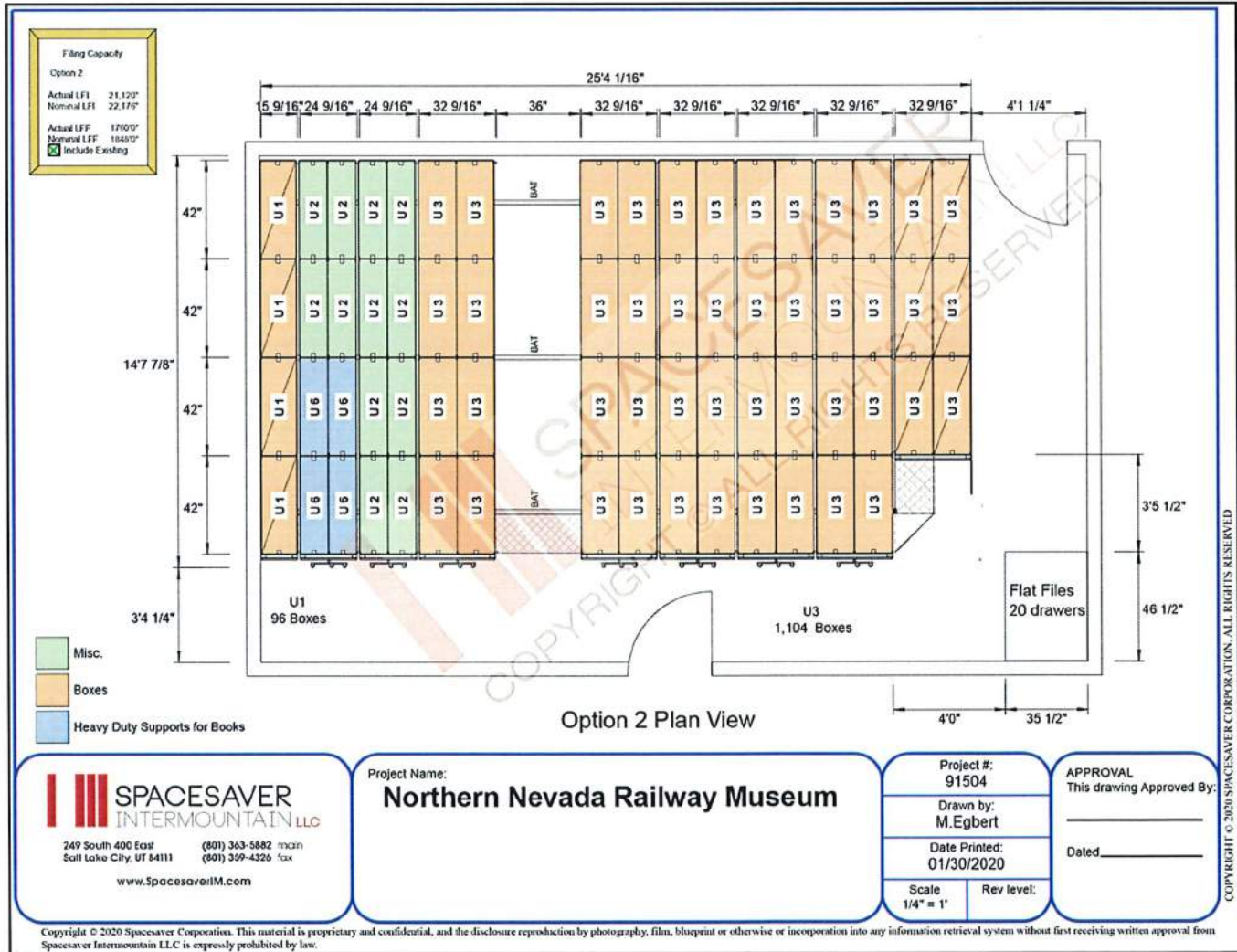
People living down wind of the Nevada Test Site are referred to colloquially as Downwinders. They were exposed to radiation from atmospheric nuclear tests. Residents who lived down wind of the test site experienced marked increases in various types of cancer nearly three decades after testing ceased.

In 1990, the Radiation Exposure Compensation Act was signed into law to provide compensation to individuals affected by nuclear testing including those living in downwind communities. To file a claim, a person needed to prove that they lived in the downwind area. Here again the records in the Nevada Northern Railway archive were instrumental in providing the support to individuals filing a claim. The railroad's payroll records were used as documented proof that an individual worked and lived in the area affected by the nuclear testing.

The railroad's comprehensive payroll records from 1905 through 1983 are a window into the demographics of a typical rural American community through most of the 20th century. These records are also used by individuals tracing their ancestry.

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**Proposed Shelving For The Vault.**



#### **4. Mission Statement**

The Nevada Northern Railway Foundation was created in 1984, the museum's mission is four-fold:

1. To preserve and restore to operating condition, the complete collection of the Nevada Northern Railway for the education and enjoyment of present and future generations.
2. To preserve the museum's seventy-two buildings and structures for the permanent protection and display of the locomotives, railroad cars, equipment and paper records.
3. To perpetuate the memory of the "can-do" spirit and vision that built not only Nevada but also the United States.
4. To teach and make available the indispensable heritage industrial arts, mechanical skills and techniques needed to preserve, maintain and operate all components of the railroad.

#### **5. Previous CCA Grants**

- CCA Grant 98-18 Railroad Shed, \$71,845 - Completed
- CCA Grant 00-24 Railroad Shed, \$132,486 - Completed
- CCA Grant 01-21 Coach House Window Replacement – Completed
- CCA Grant 02-30 Enginehouse/Machine Shop Repair, \$92,240 – Completed
- CCA Grant 03-31 Enginehouse/Machine Shop Stabilization, \$200,000 – Completed
- CCA Grant 04-29 Enginehouse/Machine Shop Utility Upgrade, \$100,000 – Completed
- CCA Grant 04-30 McGill Depot Stabilization, \$75,000 – Completed
- CCA Grant 05-24 ADA Restrooms in Boiler Building - \$56,055 - Completed
- CCA Grant 05-25 McGill Depot - \$139,000 – Completed
- CCA Grant 06-26 Building Remodel \$180,000 - Completed
- CCA Grant 06-27 Heat and Sewer to Enginehouse \$191,000 - Completed
- CCA Grant 07-33 McGill Depot Phase 2 \$125,000 - Completed
- CCA Grant 07-34 East Ely Yards Urgent Building Repairs \$140,000 – Completed
- CCA Grant 08-25 McGill Depot Development Plan \$104,486 - Completed
- CCA Grant 08-26 East Ely Yard Improvements \$136,000 – Completed
- CCA Grant 09-25 Nevada Northern Railway Buildings \$173,000 – Completed
- CCA Grant 09-25 Nevada Northern Railway Buildings \$180,000 – Completed
- CCA Grant 10-02 Imperative Building and Utility Repairs \$180,000 – Completed
- CCA Grant 14-14 Utility Mitigation & Building Stabilization \$100,000 - Completed
- CCA Grant 14-15 McGill Depot Interior Renovation \$50,000 – Completed
- CCCHP Grant 16-10 McGill Depot Interior Renovation Phase 2 \$69,000 – Completed
- CCCHP Grant 16-11 Dangerous Utility Mitigation & Building Stabilization, Phase 2 \$48,000 – Completed
- CCCHP Grant 17-14 Machine Shop Access Rehabilitation - \$86,121 In progress
- CCCHP Grant 17-15 McGill Depot Interior Renovation, Phase 3 - \$48,000 In progress



6. Insurance Policy The City of Ely

NEVADA PUBLIC AGENCY INSURANCE POOL  
CERTIFICATE OF PARTICIPATION  
issued to

City of Ely

The Nevada Public Agency Insurance Pool (hereinafter NPAIP) certifies that the above-mentioned entity is a participating Member of NPAIP for the period beginning July 1, 2019 expiring June 30, 2020.

As a participating member, this entity is entitled to all the rights, privileges and protections and subject to all the duties and responsibilities under the Interlocal Cooperative Agreement and Bylaws of NPAIP and the coverage forms issued by NPAIP.

The following coverage forms apply to NPAIP and its Members:

Nevada Public Agency Insurance Pool Coverage Form: # NPAIP201920

The lines of coverage and key limits of liability afforded to NPAIP members, subject to the coverage application and subject to additional sublimits as stated in the NPAIP Coverage Form, are summarized as follows:

Property/Crime/Equipment Breakdown

Blanket Limit per schedule of locations	\$ 300,000,000 per loss
Sublimit for earthquake coverage	\$ 150,000,000 annual aggregate
Sublimit for flood coverage	\$ 150,000,000 annual aggregate
Sublimit for flood coverage zone A	\$ 25,000,000 annual aggregate
Sublimit for Equipment Breakdown, Boiler & Machinery	\$ 100,000,000 each accident
Sublimit for Money & Securities including Dishonesty	\$ 500,000 each loss

Casualty

Bodily Injury, Property Damage, Personal Injury, Employment Based Benefits Administration, Law Enforcement Activities, and Wrongful Acts	\$10,000,000 per event \$10,000,000 annual aggregate
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Cyber Security Event

Per Cyber Security Event including Privacy Response Expense	\$ 3,000,000 per event \$ 3,000,000 annual aggregate
---	---

Certain sublimits apply. All sublimits are a part of and not in addition to the Limits of Liability.

Participating member's Maintenance Deductible of \$500 for each and every loss and/or claim and/or event.

This certificate is not a contract of insurance and does not bind NPAIP as such. The coverages provided will be governed by the terms and conditions of NPAIP Coverage Form and by the Interlocal Cooperative Agreement and Bylaws of NPAIP; and all claims, questions or disputes will be settled by reference to the same.

  
Wayne E. Carlson, MBA, CPCU, ARM  
Executive Director

**7. Current Board Members**

- John Gianoli, Chairman
- Carl Marsh, Vice-Chairman
- Roger Bowers, Member
- Caroline McIntosh, Member
- Steve Leith, Member
- Jim Alworth, City of Ely Member
- Michelle Beecher, City of Ely Member

**8. Resumes**

**MARK S. BASSETT**

**EXPERIENCE**

2002-PRESENT	<p>Nevada Northern Railway <span style="float: right;">Ely, NV</span>  <i>Executive Director</i>  Responsible for the operation of railroad and museum.  Increase operating season and train operations to over 600 trains.  Increased visitation by over 100%.  Aggressively worked to upgrade the maintenance of the buildings, equipment and track.</p>
1995-2004	<p>Spee-Dee Mailing Services, Inc <span style="float: right;">Elko, NV</span>  <i>Owner/Publisher</i>  Increased sales from \$100 thousand to \$1.25 million.  Expanded market area to include all of northeast Nevada.  Developed 9 new products and saved the oldest newspaper in Nevada</p>
1989-1995	<p>Corral West Ranchwear <span style="float: right;">Elko, NV</span>  <i>Store Director</i>  Doubled store sales to \$2.5 million.  Trained and motivated sales associates and support staff.  Implemented sales and marketing campaign to increase sales.</p>
1985-1987	<p>Historic Downtown Laramie <span style="float: right;">Laramie, WY</span>  <i>Project Manager, National Main Street Project</i>  Developed public/private partnership to redevelop the downtown.  Attracted \$20 million in redevelopment money.  Initiated a comprehensive public relations program that built awareness and increased retail sales in the downtown.</p>
1983-1985	<p>Ft Collins Municipal Railway Society <span style="float: right;">Ft Collins, CO</span>  <i>President</i>  Developed policy for 200 member non-profit organization.  Manage and complete a \$1 million track project  Supervised construction of track, buildings, and restoration of historic trolley equipment to create an operating trolley museum.</p>

**EDUCATION**

1982	<p>University of New York <span style="float: right;">Albany, NY</span>  A. S., Business Administration and Computer Science.</p>
1980	<p>University of Alaska <span style="float: right;">Anchorage, AK</span>  Civil Engineering, Surveying, Math, and Fire Science.</p>

**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

**Nathan Robertson**

PO Box 151964  
Ely, NV 89315  
vwnathan@hotmail.com  
775.293.0010

- Education** Bachelor of Science, **Construction Management**, Brigham Young University
- Minor, **Business Management**
  - Graduated, **April 2009**, GPA 3.1/4.0
- Experience**
- Project Manager**, White Pine Historical Railroad Foundation, Ely NV, Oct. 2009-Present
- Responsible for expending grant funds in the restoration of historic structures and infrastructure at a 55 acre National Historic Landmark
  - Prepare pre-bid documents, manage bidding processes and prepare contracts
  - Manage project documents and meet regularly with contractor and owner
  - Responsible to update and manage project budget
- Construction Manager**, Day Engineering, Ely NV, Nov. 2009-Present
- Participate in site surveys
  - Manage application processes with state agencies
  - Oversee construction of projects as the owners representative
- Assistant Engineer**, Corp. of the First Presidency, Provo UT, Oct. 2006-Aug. 2009
- Assisted in managing crews for renovation and maintenance closures
  - Monitored building and performed adjustments on all mechanical systems
  - Responsible for the safety of a 130,000 SF building, during assigned shift
  - Participated in reviewing building seismic study
- Project Engineer Intern**, Kinetic Systems Inc., Union City CA, May 2007-Aug. 2007
- Managed documents for a biopharmaceutical project—Wrote and logged RFI's, submittals, and valve lists
  - Participated in project correlation meetings and the bidding process
  - Adjusted AutoCAD drawings for an office remodel for Kinetics
  - Reviewed contracts for a potential projects and made reports to management
- Electrician (student program)**, Robinson NV Mining Co., Ruth NV, May 2006-Aug. 2006
- Maintained lighting systems, motor control centers, and miscellaneous electrical instruments which resulted in more effective working hours for the certified electrical and instrumentation technicians
  - Assisted certified electricians in the wiring of new structures, the maintaining of the electrical delivery systems, and in servicing the copper reduction mill
- Custodian**, B.Y.U., Provo UT, Sept. 2005-April 2006 and Sept. 2006-Nov. 2006
- Performed early morning custodial duties in campus classrooms and faculty offices
- Volunteer Representative**, Pernambuco Brazil, Aug. 2003-July 2005
- Developed skills in public relations, presentation, and customer service
  - Oversaw the work and training of a team of sixteen other volunteers which resulted in the elevated effectiveness of volunteer labor in a geographic area
- Map Data Technician**, Bureau of Land Management, Ely NV, May 2003-Aug. 2003
- Worked with a team to accurately plot existing roads and trails on topo maps
  - Utilized government GPS systems together with \$100,000 of field equipment to gather road data which resulted in the mapping of four watersheds in 3 months
- Skills**
- Construction** – Estimating, Scheduling, Bidding, Take-offs, Safety, Document Reading  
**Computer** – Excel, AutoCAD, Timberline, SureTrack, P3 (Primavera), On-Screen Takeoff  
**Electronic** – GPS systems, GE Flowmeters, SignLab Pro, Mikron Infrared Cameras  
**Language** – Conversational Portuguese (Brazil), written and spoken
- Affiliations**
- White Pine County Library Volunteer
  - Management Board Member of the White Pine Public Museum
  - BYU ASC Mechanical Team 2007, 2008, and 2009
  - Wasatch Vintage Volkswagen
- Awards**
- ASC National Mechanical Competition, 2<sup>nd</sup> Place, 2007
  - ASC National Mechanical Competition, Outstanding Presenter, 2007 and 2009
  - Recipient of the Reed Arne Scholarship, 2008 and 2009

**Project:** Urgent Building Repair - Transportation Building  
**Sponsor:** Nevada Northern Railway Foundation

## **Jacques Errecart, AIA**

**Occupation:** Architect

**Education:** Bachelor of Architecture, University of Oregon, 1987  
Architectural Drafting Technician, Phoenix Institute of Technology, 1981  
Graduate Studies:  
Child Care Design Institute: Harvard University  
Graduate School of Design: Tufts University, 1994  
Other: Co-Participant, Johnson & Johnson/Head Start Management Fellowship Program at U.C.L.A., 1997

**Registration/Licensing:** Architect, Nevada, 1991 (#2835)  
General Contractor, Nevada, 1993 (#228368999)

**Public Service:** Head Start of Northeastern Nevada, Board of Directors, 1991-Present  
Selective Service System, Board Member by Presidential Appointment, 1994

**Experience:** 1997-present: Architect in private practice  
1991-1997: Architect, Associate at the office of J.D. Long, Elko Nevada  
1988-1991: Intern-Architect at above firm

**Other Experience:**  
1999-Present: Private Consultant of Danya International, reviewing federally funded preschool programs  
1989-Present: Instructor, Part-time, Great Basin College, Elko, Nevada  
Subjects: Drafting Fundamentals, Architectural Drafting, Computer-Aided Drafting & Design

**Liz Sheldon**  
100 6<sup>th</sup> Street  
Ely, NV 89301  
(901) 610-6801

**Objective**

I have a diverse background, allowing for flexibility in a variety of business roles. Adept at managing multiple assignments and meeting tight deadlines in a fast paced environment.

**Experience**

August 2019 – Current

Nevada Northern Railroad Foundation

Finance Officer

- Payroll – Weekly payroll processing, quarterly and annual payroll tax reporting
- Credit Card Reconciliation – Monthly review, reconciliation and analysis of discrepancies.
- Accounts Payable – Review and Entry of all incoming vendor invoices
- Financial Statement review and audit preparation

February 2017 – July 2019

Icon Building Supplies dba Icon Utility Services

Accountant

- Accounts Payable -General Ledger Coding, verification of delivery/completion of work, approval for payment, process check runs, cash management and projections. Maintain W9's and process year end 1099's.
- Accounts Receivable – Management of billing over 50 construction yards, with strict adherence to detailed contracts and purchase orders. Proposals, master service agreements and verification of scope of work prior to invoice submission.
- Payroll – review and process timecards, prepare monthly labor union certifications, job cost labor with employer burden overhead allocated to each construction project. Prepare journal entries for weekly, bi-weekly payroll from multiple company divisions. Calculation of month end labor accruals.
- Reconcile Balance Sheet accounts and maintain detailed schedules, bank reconciliations, credit card and fuel card use and post to QuickBooks
- Job Cost and review actual versus budget variances.
- Human Resources – oversee onboard of new hires, explanation of benefit programs and training. Maintenance of employee files,
- Month End Financial Statements including supplemental schedules.
- Preparation of year end financial statements for CPA review and audit.
- Workers Compensation audits, company insurance certificates, company vehicle leases and loan documents, land leases renewals and ad-hoc information as requested.

March 2016 through December 2017

Cirrascale Corporation

Accounting Manager

- Responsible for high volume accounts payable with 3way matching
- Accounts receivable involving adherence to contracts
- Bank, credit card and Paypal account reconciliations.
- Payroll and commission computation
- Deferred Revenue and Warranty cost calculations

**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

- Sales and Use tax returns
- Weekly cash projections and supplier logistics projections. Loan draw schedules.
- Fixed assets schedules
- Monthly financial statements, including all supporting schedules.
- Year end financial statements and 1099's.

January 2011 through November 2015  
Silent Knight Farms  
Self-Employed Owner

- Multiple financial statements and account reconciliations due to numerous diverse entities.

July 2011 through December 2010  
I.B. Fischer Properties  
Assistance Controller

- Implementation of ADP Payroll System
- Sales and Use Tax returns
- Financial Statement preparation for multiple locations and roll ups for combined statements.
- Supervision of accounts payable and payroll.

**Education**

Pacific Coast College – Diploma Accounting  
Southwestern College and University of Phoenix – General and Accounting Classes

## 9. Organizational Long Range Plan

On July 11, 2016, the Foundation was reorganized from the White Pine Historic Railroad Foundation to the Nevada Northern Railway Foundation. This reorganization fundamentally changed the structure of the Foundation.

The Board of Directors was increased from five to seven. Five of the directors are now elected by the members of the Foundation, the remaining two are appointed by the Mayor of the City of Ely. The change also made the Foundation an independent corporation from the City of Ely.

Over the past three years we have been implementing these fundamental changes to the Foundation. We are our long-range strategic plan to include components on preservation, operation, fund raising and interpretation. The Plan is called the Phoenix Dare.

Here is an excerpt from the plan:

To insure that the museum can accomplish its mission, it launched the Phoenix Dare to keep the railroad on track! From mythology, a Phoenix is a long-lived bird that is cyclically regenerated or reborn, a Phoenix typically dies by fire and rises from the ashes. The symbolism of a Phoenix fits a steam railroad to a 'T'.

Steam locomotives go through the same cycle as a Phoenix. A steam locomotive's service cycle is fifteen years. At the end of this cycle, a steam locomotive is removed from service or you could say that it dies. Ironically, a Phoenix and a steam locomotive both die because of fire! Every time we light a fire in a steam locomotive, we consume portion of it. But, just like a Phoenix, a steam locomotive can be regenerated or reborn to begin the cycle all over again!



The Museum's Phoenix Dare is a multi-faceted program designed to address all aspects of this National Historic Landmark:

1. Maintaining, preserving and operating our steam locomotives for the long term.
2. Maintaining, preserving and operating our diesel locomotives for the long term.
3. Maintaining, preserving and operating our extensive collection railroad rolling stock.
4. Maintaining and preserving all of our buildings and structures.
5. Maintaining and upgrading the railroad complex's water, sewer and electrical system.
6. Developing and implementing an Associates of Science Degree Program in the Heritage Industrial Arts.

Why a dare? Because our undertaking is daring! We intend to keep a 19th century railroad operating in the 21st century. If that isn't daring enough, we are 240 miles from the nearest city. We are in a county that is 9,000 square miles, with a population of only 10,000. That's right, about one person per square mile!

And then there is the technological aspect. We are now a throwaway society. Repair something? Maybe, if you could find the person with the tools, parts, skills and knowledge. This is the crucial challenge that the museum is facing - keeping alive the necessary mechanical and industrial skills needed to maintain our century old locomotives, rolling stock and buildings. We need to train the next generation of young men and women the skills needed to maintain the railroad. If we don't train and teach to keep the knowledge and skills alive, well, then, we will eventually wind up with just a bunch of scrap iron. The exciting aspect of developing a training program is that these skills are needed by industries across the country. This crucial challenge is not unique to us, but actually to our society. There is a demand for skilled workers who know and understand the Heritage Industrial Arts.

Is it daring, yes! The first phase of the Phoenix Dare is to bring four locomotives, a tank car and a caboose back to life, back from the ashes. Ambitious, yes! Daring, unquestionably! Necessary? Yes! The successful completion of these projects will help insure the survival of the railroad, the City of Ely and White Pine County.



**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

Annually, almost \$4,000,000 is spent in White Pine County because of the visitors to the railroad. In 30 years that's about \$60,000,000 in tourist dollars. Factor in grants, donations and memberships and the number is closer to \$80,000,000.

It took the railroad 17 years, from 1987 to 2004 to carry 100,000 passengers. In just 8 years, in less than half of that time, the railroad carried another 100,000 passengers. This is a doubling of ridership in less than half of the time of our first 100,000 passengers. The existence of the Nevada Northern Railway is having a major economic impact to not only the City of Ely and White Pine County, but also the State of Nevada.

#### **10. Our Recent Accomplishments**

- Now open daily year round.
- Expanded the operating season to year round.
- Continued our comprehensive marketing plan.
- Increased awareness and visitation to approximately 34,000 annually.
- Increased the volunteer base; developed and implemented a volunteer training program.
- Completed the FRA mandated 1,472 day inspection on Locomotive 93 in less than a year.



- Built an Interpretative Structure in the Plaza between the Depot and Transportation Building.
- Featured on a special episode of Modern Marvels, *Hottest Rides*. We were number 2 on the list and it featured our steam locomotive #93. The hottest ride was a Mustang.
- Repaired steam locomotive 40 and returned it to service.
- Kept a 65 and 68 year old diesel locomotives in operation.
- Completed general cleanup of the fifty-six acre rail yard.
- Developed a successful Spend the Night in the Museum using the crew dormitory that was renovated thanks to a previous CCA grant.
- Trained sixty-six volunteers to work as train service crewmembers.
- Did a 10 mile track rehabilitation project; replaced over 5,000 ties and dumped 50,000 tons of ballast.
- Continued our vegetation control program both in the yard and on the track.
- Successfully hosted Railroad Reality Week for adults and teens.

**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

- Successfully hosted Railroad Reality Week for adults and teens.
- Successfully hosted annually winter photo shoots that attracted people from around the world.



- Successfully hosted a Velocipede and Rail Bike Rally on the railroad.
- Finished the restoration of a 1956 Pontiac Station Wagon to replicate Nevada Northern Railway Hi-Rail Motorcar #18.



**Project:** Urgent Building Repair - Transportation Building  
**Sponsor:** Nevada Northern Railway Foundation

- Energized outside lights throughout the complex.
- Started a video outreach program called Railway Fun, Facts and Trivia. These are a series of short videos on different aspects of the railroad. There are now twelve episodes.
- Hosted two interns this past summer. One of which spent time making the Blacksmith shop that was saved by a previous CCA grant functional.
- Started the Phoenix Dare Capital Campaign to raise \$2,000,000, in 2 years, to restore 2 of our steam locomotives to operation.
- Following Nevada Northern Railway practice, signed all of the buildings with the building name.
- Purchase a replica pump handcar that was constructed from original plans.
- Flipkey by Trip Advisor released a list of the Top Family Attractions worth traveling for and in Nevada it was the Nevada Northern Railway National Historic Landmark.
- We reupholstered the seats in two coaches.
- Installed two new heating units in two coaches.
- Received a Trip Advisor Certificate of Excellence in 2018, 2017, 2016, 2015 and 2014.
- We were awarded the Best Event in Rural Nevada, our Polar Express.
- For the eleventh year in a row, we were recognized as the Best Place to Take the Kids in Rural Nevada.
- The Nevada Northern Railway was featured in Steve Crise's and Yoko Mazza's show "Portraits in Steam" at the Showcase Gallery in Santa Anna, California.
- Made repairs to the Team Track and opened it for service.
- Successfully completed a SNPLMA grant that paved our parking lot, installed street lights and paved walking trails to the Enginehouse.
- The Nevada Northern Railway was featured in the New York Times for One of a Type Gifts, the article featured our Be the Engineer program.
- CBS Sunday Morning featured the Dark Skies of the Great Basin and our Star Trains which are a joint production of Great Basin National Park's Dark Rangers and the railroad.
- And Dr. Sheldon L. Cooper of *The Big Bang Theory* was given the Ultimate Rail Fan Experience at the Nevada Northern Railway in Ely Nevada. And I'm pleased to say he correctly pronounced Nevada and Ely.
- Featured on CBS's series "American Wonders," "CBS This Morning" is exploring places that make America wonderful, from majestic natural landscapes to spectacular creations. This week, "CBS Sunday Morning" correspondent Lee Cowan hops on board a historic train bound for the remote Great Basin Desert in northern Nevada. Its passengers aren't there to see sunny landscapes – instead, they're focused on the views after dark. This publicity sold out all eighteen 2020 Star Trains by the end of August 2019.
- KSNV featured the Star Train in a segment called, Ride the 'Star Train' to see brilliant night sky you can't witness anywhere near Las Vegas



Restored Blacksmith Shop, now functional.



**Project: Urgent Building Repair - Transportation Building**  
**Sponsor: Nevada Northern Railway Foundation**

- Our biggest project to the restoration of Nevada Northern Railway Locomotive 81. The locomotive was delivered to the railroad in April 1917. It operated from then until 1959 when it was given to the community for display. For thirty years it sat outside in the elements, until it was moved back to the railroad in 1990. Recognizing that Locomotive 40 will be going down for a two year overhaul in 2020, the Foundation started a restoration on Locomotive 81. Now past the halfway point, it will be a race to complete Locomotive 81 before Locomotive 40 goes down.



Above Locomotive 81 in the 1907 Machine Shop undergoing restoration. The crew doing the restoration is (top row) John Henry McDonnell, Shop Forman, Nicholas Scheresky, Shop Helper, Lennox Purinton, Mechanic, Ben Lytle, Mechanic, Gary North, Consultant, Henry Stewart, Master Mechanic, Cherish Stevens, Intern, Angela Stevens, Trainmaster, Michael Hughes, Curator of Education.

GRANT APPLICATION FOR 2019-2020  
PART III BUDGET FORM

**6. Section #1- 5 Subtotals:**

		<b>Amounts</b>	<b>State Share</b>	<b>Non-State Share</b>
1.	Personnel	\$79,682	\$0	\$79,682
2.	Travel	\$0	\$0	\$0
3.	Contractual Services	\$235,150	\$188,150	\$47,000
4.	Operating	\$0	\$0	\$0
5.	Other	\$0	\$0	\$159,500
	<b>Sub-total:</b>	<b>\$314,832</b>	<b>\$188,150</b>	<b>\$286,182</b>

7.	<b>Requested State Share Total:</b>	<b>Subtotal:</b>	<b>\$188,150.00</b>
8.	<b>Potential Non-State Share:</b>	<b>Subtotal:</b>	<b>\$206,500.00</b>
9.	<b>Actual Non-State Share:</b>	<b>Subtotal:</b>	<b>\$79,628.00</b>
10.	<b>Proposed Project Costs Grand Total:</b>		<b>\$474,278.00</b>

GRANT APPLICATION FOR 2019-2020  
PART III BUDGET FORM

**Applicant:** Nevada Northern Railway Foundation

**1. Personnel:**

	Position Title	Hours	Hourly Rate (HR)	✓ if HR includes Fringe Benefits	% of HR that is a fringe benefit	Amount of fringe benefit	Total Amt	State Share	Non-State Share
a.	Mark Bassett	President	115	\$ 62.40	Yes		\$ -	\$ 7,176	\$ 7,176
b.	Nathan	Project Manger	450	\$ 31.20	Yes		\$ -	\$ 14,040	\$ 14,040
c.	Jacques Errecart	Architect	60	\$100.00	NO		\$ -	\$ 6,000	\$ 6,000
d.	Liz Sheldon	Financial Officer	100	\$ 28.74	Yes		\$ -	\$ 2,874	\$ 2,874
e.	Joan Bassett	Curator	700	\$ 30.73	Yes		\$ -	\$ 21,512	\$ 21,512
f.	Con Trumbull	Archivist	1200	\$ 23.40	Yes		\$ -	\$ 28,080	\$ 28,080
g.							\$ -	\$ -	
h.							\$ -	\$ -	
i.							\$ -	\$ -	
j.							\$ -	\$ -	
<b>Sub-total:</b>							<b>\$ 79,682</b>	<b>\$ -</b>	<b>\$ 79,682</b>

**2. Travel:** (see GSA rates in the application document)

		Rate	Miles/# of days	Total Amount	State Share	Non-State Share
a.	<b>Mileage</b>					
	1. Person #1-			0.00		
	2. Person #2-			0.00		
b.	<b>Per Diem (Breakfast)</b>			0.00		
	<b>Per Diem (Lunch)</b>			0.00		
	<b>Per Diem (Dinner)</b>			0.00		
c.	Transportation costs (parking fees, taxi, etc.)			0.00		
d.	<b>Lodging</b>					
	1. Weeknight (Sun-Th)			0.00		
	2. Weekend (Fri-Sat only)			0.00		
e.	Other:			0.00		
f.	Other:			0.00		
<b>Sub-total:</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

GRANT APPLICATION FOR 2019-2020  
PART III BUDGET FORM

**3. Contractual Services: Attach itemized lists or contractor quotes showing the breakdown of materials and labor costs for all proposed work items**

	Contractual Service	Total Amount	State Share	Non-State
a.	New Vault Entry and Door Repair	\$ 11,900	\$ 11,900	
b.	Electrical Upgrades	\$ 7,300	\$ 7,300	
c.	HVAC	\$ 19,500	\$ 19,500	
d.	Fire & Burglar	\$ 2,450	\$ 2,450	
e.	Aerosol Fire Suppression System	\$ 47,000		\$ 47,000
f.	Remodel and Building Repairs	\$ 147,000	\$ 147,000	
	<b>Sub-total:</b>	<b>\$ 235,150</b>	<b>\$ 188,150</b>	<b>\$ 47,000</b>

There are no quotes attached. Because of the uniqueness of the project, our local contractors will only bid time and materials.

**4. Operating: List estimated operating expenses relating to the proposed project.**

	# of	Rate	Flat Rate	Amount	State Share	Non-State
a.						
b.						
c.						
d.						
e.						
f.						
g.						
h.						
i.						
				<b>Sub-total:</b>	<b>\$0.00</b>	<b>\$0.00</b>

**5. Other (please specify or attach detailed budget):**

	Rate	Amount	State Share	Non-State
a.				\$ 30,000
b.				\$ 110,000
c.				\$ 16,000
d.				\$ 3,500
e.				
f.				
g.				
h.				
		<b>Sub-total:</b>	<b>\$ -</b>	<b>\$ 159,500</b>

## Audit

Enclosed is the 2016 Audit Statement. Since that audit was complete, Foundation has had three different Financial Officers. The 2017 audit will be completed by mid-March, the 2018 Audit will be completed by mid-May and the 2019 will be completed by mid-July.

Once the audits are completed copies can be provided to the CCCHP board.





**Keddington & Christensen, LLC**  
Certified Public Accountants

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Nevada Northern Railway Foundation, Inc.

We have audited the accompanying financial statements of Nevada Northern Railway Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Northern Railway Foundation, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Keddington & Christensen, LLC*

Salt Lake City, Utah  
March 13, 2018

NEVADA NORTHERN RAILWAY FOUNDATION

dba NEVADA NORTHERN RAILWAY MUSEUM

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

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NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
Cash	\$ 53,046	\$ 67,920
Cash, restricted	75,811	141,226
Accounts receivable	-	-
Tax receivable	10,679	10,098
Grants receivable	63,004	24,448
Inventory - gift shop	14,431	15,196
Investment - Great Basin Railroad	8,299	8,299
Construction in progress		
Restricted	782,550	631,744
Unrestricted	54,007	89,438
Property and equipment, net		
Restricted	218,411	218,411
Unrestricted	3,541,474	2,169,718
Collection, net		
Restricted	4,680,107	4,785,812
Unrestricted	<u>508,004</u>	<u>535,354</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,009,823</u></b>	<b><u>\$ 8,697,664</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 86,614	\$ 47,812
Accrued compensation and related liabilities	90,704	73,941
Accrued interest	3,670	188
Deferred revenue	152,863	168,418
Notes payable		
Related parties	39,526	51,347
Short-term bank notes	<u>123,604</u>	<u>130,265</u>
<b>TOTAL LIABILITIES</b>	<b><u>496,981</u></b>	<b><u>471,971</u></b>
<b>NET ASSETS</b>		
Unrestricted	3,831,774	2,525,511
Temporarily restricted	-	64,215
Permanently restricted	<u>5,681,068</u>	<u>5,635,967</u>
	<u>9,512,842</u>	<u>8,225,693</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 10,009,823</u></b>	<b><u>\$ 8,697,664</u></b>

See accompanying notes

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
STATEMENTS OF ACTIVITIES  
For the Years Ending December 31, 2016 and 2015

	2016	2015
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>		
PERMANENTLY RESTRICTED NET ASSETS, BEGINNING	\$ 5,635,967	\$ 5,579,056
Transfers (to)/from unrestricted net assets	45,101	56,911
PERMANENTLY RESTRICTED NET ASSETS, END	\$ 5,681,068	\$ 5,635,967
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
TEMPORARILY RESTRICTED NET ASSETS, BEGINNING	\$ 64,215	\$ -
CONTRIBUTIONS	-	64,215
Transfers (to)/from unrestricted net assets	(64,215)	-
TEMPORARILY RESTRICTED NET ASSETS, END	\$ -	\$ 64,215
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Public support and revenue		
Public support		
Contributions	\$ 361,996	\$ 240,973
Grants	1,534,039	281,704
Room tax	216,340	212,261
In-kind contributions	108,894	103,834
Revenue		
Museum and train tour	528,397	427,832
Concession and gift shop sales	83,954	97,222
Interest income	20	7
Tax credits	69,995	66,495
Other income	3,453	13,812
Total unrestricted public support and revenues	2,907,088	1,444,140
Expenses		
Program services		
Nevada Northern Railway Museum	1,292,806	1,159,858
General and administrative	299,438	237,444
Fundraising	27,695	45,097
Total expenses	1,619,939	1,442,399
CHANGES IN UNRESTRICTED NET ASSETS	1,287,149	1,741
UNRESTRICTED NET ASSETS, BEGINNING	2,525,511	2,580,681
Transfers (to)/from temporarily restricted net assets	64,215	-
Transfers (to)/from permanently restricted net assets	(45,101)	(56,911)
UNRESTRICTED NET ASSETS, END	\$ 3,831,774	\$ 2,525,511

See accompanying notes

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ending December 31, 2016

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 326,892	\$ 123,844	\$ 5,330	\$ 456,066
Payroll taxes	28,811	10,923	428	40,162
Employee benefits	50,286	14,576	627	65,489
Total employee costs	405,989	149,343	6,385	561,717
Advertising	197,460	-	-	197,460
Bank and Ticket charges	24,660	3,807	3,325	31,792
Contract labor	4,080	-	-	4,080
Fuel	46,729	-	-	46,729
Interest	-	6,922	-	6,922
Legal and accounting	-	70,633	-	70,633
Other expenses	1,649	3,954	-	5,603
Postage and shipping	12,011	748	5,748	18,507
Printing	9,741	-	-	9,741
Rent	13,770	5,905	-	19,675
Repairs and maintenance				
Roadbed	8,562	-	-	8,562
Buildings	16,478	-	-	16,478
Signals	17,124	-	-	17,124
Rolling stock	12,539	-	-	12,539
Other	27,428	1,025	-	28,453
Specialty train events	52,761	-	-	52,761
Supplies	19,447	8,018	6,097	33,562
Supplies - cost of sales	-	44,160	-	44,160
Taxes and licenses	782	1,417	-	2,199
Telephone	7,020	780	-	7,800
Train crew	1,780	-	6,140	7,920
Training	-	-	-	-
Travel	3,815	-	-	3,815
Utilities	34,459	2,726	-	37,185
In-kind	108,894	-	-	108,894
	1,027,178	299,438	27,695	1,354,311
Depreciation	265,628	-	-	265,628
Total expenses	\$ 1,292,806	\$ 299,438	\$ 27,695	\$ 1,619,939

See accompanying notes

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ending December 31, 2015

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 300,447	\$ 103,292	\$ 8,154	\$ 411,893
Payroll taxes	26,994	9,280	732	37,006
Employee benefits	47,587	16,360	1,290	65,237
Total employee costs	<u>375,028</u>	<u>128,932</u>	<u>10,176</u>	<u>514,136</u>
Advertising	101,915	-	-	101,915
Bank charges	27,731	2,000	1,500	31,231
Contract labor	13,033	-	-	13,033
Fuel	61,933	-	-	61,933
Interest	-	9,375	-	9,375
Legal and accounting	-	26,621	-	26,621
Other expenses	5,351	930	-	6,281
Postage and shipping	4,395	942	942	6,279
Printing	2,374	-	-	2,374
Rent	9,744	3,900	-	13,644
Repairs and maintenance:				
Roadbed	19,134	-	-	19,134
Buildings	8,819	-	-	8,819
Signals	13,543	-	-	13,543
Rolling stock	41,645	-	-	41,645
Other	8,475	262	-	8,737
Specialty train events	43,896	-	-	43,896
Supplies	14,656	10,339	29,471	54,466
Supplies - cost of sales	-	49,991	-	49,991
Taxes and licenses	-	792	556	1,348
Telephone	7,304	812	-	8,116
Train crew	-	-	2,452	2,452
Training	1,614	-	-	1,614
Travel	5,995	-	-	5,995
Utilities	30,192	2,548	-	32,740
In-kind	103,834	-	-	103,834
	<u>900,611</u>	<u>237,444</u>	<u>45,097</u>	<u>1,183,152</u>
Depreciation	259,247	-	-	259,247
Total expenses	<u>\$ 1,159,858</u>	<u>\$ 237,444</u>	<u>\$ 45,097</u>	<u>\$ 1,442,399</u>

See accompanying notes

NEVADA NORTHERN RAILWAY FOUNDATION  
 dba NEVADA NORTHERN RAILWAY MUSEUM  
 STATEMENTS OF CASH FLOWS  
 For the Years Ending December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from public support	\$ 595,408	\$ 799,132
Received from revenue	670,883	647,642
Paid to suppliers	(542,739)	(535,385)
Paid to employees	(439,303)	(399,488)
Paid for employee benefits	(105,651)	(102,243)
Interest paid	(3,440)	(12,792)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>175,158</u>	<u>396,866</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(236,965)	(282,155)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(236,965)</u>	<u>(282,155)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short-term debt	(6,661)	(57,569)
Repayment of long-term debt	(11,821)	(11,584)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(18,482)</u>	<u>(69,153)</u>
NET INCREASE (DECREASE) IN CASH	(80,289)	45,558
CASH, BEGINNING OF YEAR	<u>209,146</u>	<u>163,588</u>
CASH, END OF YEAR	<u>\$ 128,857</u>	<u>\$ 209,146</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from City of Ely - Federal Grant	<u>\$ 1,382,739</u>	<u>\$ -</u>

See accompanying notes



NEVADA NORTHERN RAILWAY FOUNDATION  
 dba NEVADA NORTHERN RAILWAY MUSEUM  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 For the Years Ending December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 1,287,149	\$ 77,263
Depreciation	265,628	259,247
Non-cash contribution of fixed assets	(1,382,739)	-
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in assets		
Grants receivable	(38,556)	(10,043)
Accounts receivable	-	-
Taxes receivable	(581)	18,434
Inventory - concession	765	8,458
Deposits	-	5,000
Increase (decrease) in liabilities		
Accounts payables	38,802	(4,342)
Accrued interest payable	3,482	(3,417)
Accrued liabilities	16,763	12,405
Deferred revenue	(15,555)	33,861
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 175,158</u>	<u>\$ 396,866</u>

See accompanying notes

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Nevada Northern Railway Foundation, Inc. (the "Foundation"), a component unit of the City of Ely, Nevada, was established in 1983, as a nonprofit organization to receive, administer and develop an operating tourist railroad museum. The Foundation operates as the Nevada Northern Railway Museum (the "Museum"). The Foundation is dedicated to the perseveration of the historical character of the Nevada Northern Railway facilities and railroad equipment.

The City and the Foundation agreed to a reorganization of the Foundations governing board in an attempt to provide more independence to the Foundation. The reorganization has created a new Board of Directors consisting of two members, who are City Council members, and five members who are to be elected by the membership of the Foundation.

The Foundation's Board took actions to change the name of the Foundation to the Nevada Northern Railway Foundation to eliminate confusion between the name of the Foundation and the Museum. It previously operated as the White Pine Historical Railroad Foundation.

The Foundation's primary sources of revenue and support are train ticket sales, donor contributions, grants and room tax receipts.

Financial Statement Presentation

Accounting standards requires financial statements to present balances and transactions according to the existence or absence of donor imposed restrictions. This has been accomplished by classifying net transactions into three classes described below:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Foundation and/or passage of time. When a restriction does expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
NOTES TO FINANCIAL STATEMENTS  
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Accounting for Contributions Received and Contributions Made

The accounting codification establishes accounting standards for contributions received. In general, contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. It sets standards for the recognition of contributed services to situations where the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Inventory

Purchased inventories are recorded at the lower of cost or market, with cost being determined by the last purchase method. Donated inventories are recorded at fair-market value, as of the date the gift was received.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is reflected in the accompanying financial statements.

The Foundation has been determined, by the Internal Revenue Service, not to be a "private foundation", within the meaning of Section 509 (a) of the Internal Revenue Code.

Advertising

The Foundation expenses advertising costs as incurred.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Cash

Cash, as used in the statement of cash flows, includes all unrestricted and restricted amounts on hand, demand deposits and certificates of deposits. Restricted cash represents grant funds received but not yet spent at the end of the year.

NEVADA NORTHERN RAILWAY FOUNDATION  
 dba NEVADA NORTHERN RAILWAY MUSEUM  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016 and 2015

The Foundation reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted support.

Grant Revenue

Grant revenue is treated as an exchange transaction and not as a contribution.

Accrued Leave

Employees accumulate vacation hours during the course of their employment with the Foundation and are paid, in full, for any unused vacation time upon termination of employment.

Sick leave is earned and available for use by employees. Upon termination of employment, no compensation is received for unused sick leave.

NOTE 2 - PROPERTY AND EQUIPMENT

The Organization currently capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Property and equipment are recorded at cost, if purchased, or at the fair market value on the date received as a gift. Property and equipment are not considered a part of the Foundation's collection. Depreciation of capital assets is provided on the straight-line methods over the estimated useful lives of the assets, which range from 5 to 60 years. At December 31, 2016 and 2015, capital assets consisted of the following:

	2016	2015
Restricted assets		
Land	\$ 148,411	\$ 148,411
Equipment	70,000	70,000
Unrestricted		
Building improvements	776,246	714,549
Rolling stock	336,279	310,614
Machinery, equipment and vehicles	77,966	77,966
Furniture, fixtures and office equipment	10,745	10,745
Track and track improvements	3,046,702	1,663,963
Construction in progress / equipment not in service	54,007	89,438
	4,520,356	3,085,686
Accumulated depreciation	(706,464)	(608,119)
	\$ 3,813,892	\$ 2,477,567

NEVADA NORTHERN RAILWAY FOUNDATION  
 dba NEVADA NORTHERN RAILWAY MUSEUM  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016 and 2015

NOTE 3 - COLLECTION

The Foundation operates the Nevada Northern Railway Museum. The Museum and the majority of its equipment and facilities were a gift from the Kennecott Corporation to the City of Ely and the Foundation.

The collection consists of over 32 miles of trackage, the general office building, freight warehouse, dispatcher's office and the complete East Ely complex of machine shops, roundhouse, yards and rolling stock, which includes Steam Engines #40 and #93, various diesel electric locomotives, numerous rail cars and a train of antique passenger cars.

The capitalization of the collection occurred on January 1, 2003. The collection is valued at its estimated value on the date of donation, for land and buildings and at its appraised value for the rolling stock, on the date of donation. Collection items purchased, since the time of the original donation, are valued at cost. Assets that have been substantially rehabilitated are valued at cost or estimated cost, plus rehabilitation expense, if the rehabilitation substantially improves the asset. The collection is being depreciated over its estimated useful lives of 15 to 60 years.

Purchased items that are original to the Nevada Northern Railway are treated as part of the collection. Operating assets that were never a part of the original railroad are not considered part of the collection.

	<u>2016</u>	<u>2015</u>
Restricted assets		
Land and trackage	\$ 394,967	\$ 394,967
Buildings and improvements	6,813,157	6,806,357
Rolling stock	948,430	921,002
Construction in progress	782,550	631,744
Unrestricted		
Rolling stock	818,163	818,163
	<u>9,757,267</u>	<u>9,572,233</u>
Accumulated depreciation	<u>(3,786,606)</u>	<u>(3,619,323)</u>
	<u>\$ 5,970,661</u>	<u>\$ 5,952,910</u>

NEVADA NORTHERN RAILWAY FOUNDATION  
dba NEVADA NORTHERN RAILWAY MUSEUM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

NOTE 4 - PERMANENTLY RESTRICTED ASSETS

The Foundation received the gift of the Nevada Northern Railway from the Kennecott Corporation. The gift deeds, from Kennecott Corporation and its various subsidiaries, include reversionary clauses, such that should the Foundation and the City not use the gift for operation of a Museum, the gift must be returned to the donor. The Foundation receives grants and other income to maintain and improve the donated assets. Improvements added to permanently restricted assets are treated as permanently restricted if the improvements cannot be separated from the underlying asset. Due to the nature of the underlying assets, many of the permanently restricted assets are being depreciated.

The Foundation received the gift of two locomotives, from the United States Army, in August, 2000. The gift deed from the United States Government retains a lien-hold interest in the locomotives in perpetuity and they may only be used in a static exhibit and may not be painted. The gift is not original to the site; therefore, the locomotives have not been added to the Foundation's collection. In their current usage, they are not being depreciated, as they are not expected to sustain material degradation in value. They have been capitalized and are considered a part of the restricted equipment. They are valued at their estimated fair value on the date of the gift, less the estimated cost of required maintenance to be placed into service. The Foundation is attempting to have the gift deed modified to be useful to the Foundation. When this is accomplished and the locomotives are placed in service, they will be depreciated.

The donation documents require the Foundation to remove and properly dispose of hazardous materials (i.e. asbestos) in the locomotives within 60 days of donation. As of December 31, 2016, this has not been accomplished.

NOTE 5 - NOTES PAYABLE

The notes payable at December 31, 2016, and 2015, are as follows:

Related Parties

This is an unsecured note payable to Mark and Joan Bassett, with payment of \$799.26 for the first six months of each year and payments of \$1,332.09 for the second six months of each year until paid off. The note carries an interest rate of 1.95%. Mr. Bassett is the Executive Director of the Foundation.

NEVADA NORTHERN RAILWAY FOUNDATION  
 dba NEVADA NORTHERN RAILWAY MUSEUM  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016 and 2015

Short-term notes payable

Note payable to the First National Bank of Ely, due January 1, 2016 at 3.5%. The note is renewed annually at the discretion of the Bank. This note is secured by CCA Grants from the State of Nevada.	\$ 38,604
Note payable to First National Bank of Ely, due December 31, 2016 at 3.5%. The note is renewed annually at the discretion of the Bank. This note is secured by the personal assets of Mr. and Mrs. Bassett, the Executive Director of the Foundation.	85,000
Total short-term notes payable	\$ 123,604

NOTE 6 - INCOME TAXES

The Organization has tax years open and available for audit by taxing authorities of 2016, 2015, 2014, and 2013 for Federal income and payroll taxes, with the additional of tax years 2012, 2011, 2010, and 2009 available for sales and use-tax reviews. There are currently no tax years under review by any taxing authorities.

NOTE 7 - RELATED PARTY TRANSACTIONS

The City of Ely, as Trustees of the Foundation, provides certain services to the Foundation at no cost. These include the provision of general liability insurance, services of the City Attorney and provision of the financial statement audit. The value of these services have not been estimated and included in the financial statements of the Foundation.

The Foundation has a note payable to Mark and Joan Bassett and Mr. and Mrs. Bassett have personally guaranteed a note payable for the Foundation. Mark Bassett is the President of the Foundation and Joan Bassett is an employee of the Foundation.

The Foundation has short-term notes payable to the First National Bank of Ely, the Chairman of the Foundation's Board is the President of the bank.

NEVADA NORTHERN RAILWAY FOUNDATION  
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NOTE 8 - RISK MANAGEMENT

The Foundation, as are all entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters.

The Foundation receives its insurance through the City of Ely, Nevada, which has joined together with similar public agencies (cities, counties, and specific districts) throughout the State of Nevada to create an insurance pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for its members, under the Nevada Interlocal Corporation Act.

The City pays an annual premium and the Foundation pays specific deductibles, as necessary, to NPAIP for the Foundation's general insurance coverage. NPAIP is considered a self-sustaining risk pool that provides coverage for its members up to \$300,000 per insured event. NPAIP obtains independent coverage for the insured events in excess of this, \$300,000 limit.

Many of the Foundation's collection items are not insured against loss.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk, consist principally of cash. The Foundation deposits in various financial institutions. At times, these deposits may be in excess of FDIC insurance limits.

NOTE 10 - SHARED ASSETS

On February 27, 2006, the City and the Foundation purchased the remaining short-line track right-of-way. The rail line, purchased from the City of Los Angeles, is recorded on the books of the City of Ely, in the Ely Railroad Enterprise Fund, as day to day control of this portion of the rail line rests with the City of Ely. The City of Ely and the Foundation remain the joint owners of the track right-of-way.

Most of the assets of the Foundation were jointly deeded to the Foundation and the City of Ely. The operational assets under the direct control of the Foundation are recorded in these financial statements although the City of Ely and the Foundation remain the joint owners of the assets.



NEVADA NORTHERN RAILWAY FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 - ASSIGNMENT OF TRACK MILES FOR  
PURPOSES OF THE  
CREDIT UNDER SECTION 45G

The Foundation has assigned its Internal Revenue Code Section 45G credits for track repairs to another railroad receiving a payment representing a portion of the value of the credits.

NOTE 12- SUBSEQUENT EVENT

Subsequent events have been evaluated by Management for potential recognition or disclosure through the date of this report.