

**CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

AND

INDEPENDENT AUDITOR'S REPORT

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Governors
Concord Antiquarian Society DBA Concord Museum

Report on the Financial Statements

We have audited the accompanying financial statements of Concord Antiquarian Society DBA Concord Museum (the "Museum"), which comprise the statements of financial position as of September 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 Museum as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bollus Lynch, LLP

Worcester, Massachusetts
March 21, 2022

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

	Operating	Endowment	Investment in Plant	Totals	
				2021	2020
Assets					
Current assets					
Cash and cash equivalents	\$ 481,426	\$ -	\$ 486,589	\$ 968,015	\$ 1,691,076
Contributions receivable, net	27,500	-	72,255	99,755	352,667
Accounts receivable	20,567	-	-	20,567	134
Inventories	216	-	-	216	1,304
Prepaid expenses	23,802	-	-	23,802	20,850
Total current assets	553,511	-	558,844	1,112,355	2,066,031
Long-term contributions receivable, net	-	-	29,147	29,147	130,645
Property and equipment, net	-	-	13,632,519	13,632,519	12,318,261
Investments	64,306	8,256,561	-	8,320,867	7,216,813
Other assets	-	-	46,267	46,267	48,534
Collection	-	-	-	-	-
	<u>\$ 617,817</u>	<u>\$ 8,256,561</u>	<u>\$ 14,266,777</u>	<u>\$ 23,141,155</u>	<u>\$ 21,780,284</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable, trade and accrued expenses	\$ 146,773	\$ 17,515	\$ 3,760	\$ 168,048	\$ 313,562
Note payable	-	-	-	-	211,920
Deferred revenue	5,572	-	-	5,572	224
Total current liabilities	152,345	17,515	3,760	173,620	525,706
Net assets					
Without donor restrictions					
Undesignated	(169,965)	-	13,565,871	13,395,906	12,056,963
Board designated for future projects, endowment, capital and maintenance	327,189	5,607,229	2,821	5,937,239	5,247,814
With donor restrictions	308,248	2,631,817	694,325	3,634,390	3,949,801
Total net assets	465,472	8,239,046	14,263,017	22,967,535	21,254,578
	<u>\$ 617,817</u>	<u>\$ 8,256,561</u>	<u>\$ 14,266,777</u>	<u>\$ 23,141,155</u>	<u>\$ 21,780,284</u>

See accompanying independent auditor's report and notes to financial statements.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Operating	Endowment	Investment in Plant			
Support, revenue and other activities						
Contributions, gifts and grants	\$ 838,504	\$ -	\$ -	\$ 838,504	\$ 1,135,479	\$ 1,973,983
Admissions and memberships	133,944	-	-	133,944	-	133,944
School and public programs	31,672	-	-	31,672	-	31,672
Interest income	483	-	-	483	-	483
Auxiliary operations	35,847	-	-	35,847	-	35,847
Donated goods and services	6,400	-	-	6,400	-	6,400
Special events	112,702	-	-	112,702	-	112,702
Debt forgiveness income	423,837	-	-	423,837	-	423,837
Loss on uncollectible contributions receivable	-	-	-	-	(65,000)	(65,000)
Change in value of charitable gift annuities	12,313	-	-	12,313	10,538	22,851
Net investment return	-	977,685	-	977,685	436,825	1,414,510
Investment return designated for operations	420,630	(288,260)	-	132,370	(132,370)	-
Net assets released from restrictions						
Satisfaction of purpose restrictions	43,768	-	1,587,815	1,631,583	(1,631,583)	-
Satisfaction of time restrictions	69,300	-	-	69,300	(69,300)	-
Total	<u>2,129,400</u>	<u>689,425</u>	<u>1,587,815</u>	<u>4,406,640</u>	<u>(315,411)</u>	<u>4,091,229</u>
Expenditures						
Program						
Educational	452,653	-	67,934	520,587	-	520,587
Curatorial, exhibits and collections	674,502	-	283,856	958,358	-	958,358
Supporting services						
Advancement	487,367	-	9,036	496,403	-	496,403
Administration	362,129	-	40,795	402,924	-	402,924
Total	<u>1,976,651</u>	<u>-</u>	<u>401,621</u>	<u>2,378,272</u>	<u>-</u>	<u>2,378,272</u>
Change in net assets	152,749	689,425	1,186,194	2,028,368	(315,411)	1,712,957
Net assets, beginning of year	<u>4,475</u>	<u>4,917,804</u>	<u>12,382,498</u>	<u>17,304,777</u>	<u>3,949,801</u>	<u>21,254,578</u>
Net assets, end of year	<u>\$ 157,224</u>	<u>\$ 5,607,229</u>	<u>\$ 13,568,692</u>	<u>\$ 19,333,145</u>	<u>\$ 3,634,390</u>	<u>\$ 22,967,535</u>

See accompanying independent auditor's report and notes to financial statements.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions			Total	With Donor Restrictions	Total
	Operating	Endowment	Investment in Plant			
Support, revenue and other activities						
Contributions, gifts and grants	\$ 655,002	\$ -	\$ -	\$ 655,002	\$ 1,474,641	\$ 2,129,643
Admissions and memberships	118,159	-	-	118,159	-	118,159
School and public programs	28,727	-	-	28,727	-	28,727
Interest income	1,939	-	-	1,939	-	1,939
Auxiliary operations	35,949	-	1,900	37,849	-	37,849
Donated goods and services	2,780	-	-	2,780	-	2,780
Special events	110,454	-	-	110,454	-	110,454
Change in value of charitable gift annuities	8,059	-	-	8,059	(36)	8,023
Net investment return	-	448,426	-	448,426	169,991	618,417
Investment return designated for operations	392,720	(264,158)	-	128,562	(128,562)	-
Net assets released from restrictions						
Satisfaction of purpose restrictions	236,602	510,000	1,493,995	2,240,597	(2,240,597)	-
Satisfaction of time restrictions	54,000	51,647	-	105,647	(105,647)	-
Total	<u>1,644,391</u>	<u>745,915</u>	<u>1,495,895</u>	<u>3,886,201</u>	<u>(830,210)</u>	<u>3,055,991</u>
Expenditures						
Program						
Educational	387,849	-	70,319	458,168	-	458,168
Curatorial, exhibits and collections	632,307	-	293,822	926,129	-	926,129
Supporting services						
Advancement	474,427	-	9,353	483,780	-	483,780
Administration	352,827	-	42,227	395,054	-	395,054
Total	<u>1,847,410</u>	<u>-</u>	<u>415,721</u>	<u>2,263,131</u>	<u>-</u>	<u>2,263,131</u>
Change in net assets	(203,019)	745,915	1,080,174	1,623,070	(830,210)	792,860
Net assets, beginning of year	<u>207,494</u>	<u>4,171,889</u>	<u>11,302,324</u>	<u>15,681,707</u>	<u>4,780,011</u>	<u>20,461,718</u>
Net assets, end of year	<u>\$ 4,475</u>	<u>\$ 4,917,804</u>	<u>\$ 12,382,498</u>	<u>\$ 17,304,777</u>	<u>\$ 3,949,801</u>	<u>\$ 21,254,578</u>

See accompanying independent auditor's report and notes to financial statements.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Year ended September 30, 2021

	Program Services		Supporting Services				Total
	Educational	Curatorial, Exhibits and Collections	Advancement	Administration	Technology	Facilities	
Salaries	\$ 301,414	\$ 245,390	\$ 287,937	\$ 244,131	\$ -	\$ 11,748	\$ 1,090,620
Benefits	38,584	19,884	17,036	14,829	-	165	90,498
Payroll taxes	16,145	12,195	15,884	12,866	-	896	57,986
Total payroll expenses	356,143	277,469	320,857	271,826	-	12,809	1,239,104
Operating expenses	11,799	47,176	105,562	15,911	46,025	3,246	229,719
Outside services	13,441	97,975	33,345	11,134	23,104	88,400	267,399
Program expenses	12,016	4,294	19,722	-	-	-	36,032
Professional fees	-	-	-	27,675	-	-	27,675
Insurance	-	-	-	-	-	41,789	41,789
Utilities	-	-	-	-	-	79,932	79,932
Occupancy	-	-	-	-	-	55,001	55,001
Depreciation and amortization	67,934	283,856	9,036	40,795	-	-	401,621
Total expenses before allocation of technology and facilities	461,333	710,770	488,522	367,341	69,129	281,177	2,378,272
Technology expenses	11,693	48,859	1,555	7,022	(69,129)	-	-
Facilities expenses	47,561	198,729	6,326	28,561	-	(281,177)	-
Total functional expenses	\$ 520,587	\$ 958,358	\$ 496,403	\$ 402,924	\$ -	\$ -	\$ 2,378,272

Year ended September 30, 2020

	Program Services		Supporting Services				Total
	Educational	Curatorial, Exhibits and Collections	Advancement	Administration	Technology	Facilities	
Salaries	\$ 246,530	\$ 246,954	\$ 297,289	\$ 210,227	\$ -	\$ 18,543	\$ 1,019,543
Benefits	38,537	13,856	21,585	16,883	-	176	91,037
Payroll taxes	18,123	16,510	21,473	15,223	-	1,419	72,748
Total payroll expenses	303,190	277,320	340,347	242,333	-	20,138	1,183,328
Operating expenses	20,671	90,430	67,794	12,092	24,068	8,681	223,736
Outside services	8,086	20,251	48,259	25,782	37,561	66,376	206,315
Program expenses	1,486	7,188	10,790	3,572	-	-	23,036
Professional fees	-	-	-	36,371	-	-	36,371
Insurance	-	9,750	-	-	-	35,116	44,866
Utilities	-	-	-	-	-	89,000	89,000
Occupancy	-	-	-	-	-	40,758	40,758
Depreciation and amortization	70,319	293,822	9,353	42,227	-	-	415,721
Total expenses before allocation of technology and facilities	403,752	698,761	476,543	362,377	61,629	260,069	2,263,131
Technology expenses	10,425	43,558	1,386	6,260	(61,629)	-	-
Facilities expenses	43,991	183,810	5,851	26,417	-	(260,069)	-
Total functional expenses	\$ 458,168	\$ 926,129	\$ 483,780	\$ 395,054	\$ -	\$ -	\$ 2,263,131

See accompanying independent auditor's report and notes to financial statements.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,712,957	\$ 792,860
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	399,354	413,455
Debt forgiveness income	(423,837)	-
Amortization of debt issuance costs	2,267	2,266
Change in present value discount on contributions receivable	(204)	(15,409)
Loss on uncollectible contributions receivable	65,000	7,540
Net investment gains	(1,305,407)	(498,702)
Gifts restricted for long-term investment	(96,148)	(1,747)
Gifts restricted for capital expenditures	(817,840)	(1,222,305)
Collection items purchased	-	16,748
(Increase) decrease in operating assets:		
Contributions receivable	31,459	96,769
Accounts receivable	(20,433)	5,066
Inventories	1,088	(132)
Prepaid expenses	(2,952)	20,668
Increase (decrease) in operating liabilities:		
Accounts payable, trade and accrued expenses	(50,650)	23,852
Deferred revenue	5,348	(3,513)
Total adjustments	(2,212,955)	(1,155,444)
Net cash used in operating activities	(499,998)	(362,584)
Cash flows from investing activities:		
Expenditures for property and equipment	(1,808,476)	(1,430,242)
Proceeds from sales and maturities of investments	1,057,179	1,378,069
Payments for purchases of investments	(855,826)	(1,669,387)
Collection items purchased	-	(16,748)
Net cash used in investing activities	(1,607,123)	(1,738,308)
Cash flows from financing activities:		
Gifts restricted for long-term investment	96,148	51,747
Gifts restricted for capital expenditures	1,075,995	2,184,135
Proceeds from note payable	211,917	211,920
Net cash provided by financing activities	1,384,060	2,447,802
Net increase (decrease) in cash and cash equivalents	(723,061)	346,910
Cash and cash equivalents, beginning of year	1,691,076	1,344,166
Cash and cash equivalents, end of year	\$ 968,015	\$ 1,691,076

See accompanying independent auditor's report and notes to financial statements.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION

The Concord Antiquarian Society, doing business as the Concord Museum (the "Museum"), is incorporated as a Massachusetts nonprofit organization. The Museum is an educational institution dedicated to furthering public understanding and appreciation of Concord's history and its relationship to the cultural history of the nation. Since its founding in 1886, the Museum has collected, preserved and interpreted objects made or used in the Concord area. The Museum has been accredited continuously since 1973 by the American Association of Museums. The Museum serves as a center of learning and cultural enjoyment for the region and as a gateway to the town of Concord for visitors from around the world.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Museum prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Museum are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of accounting

The financial statements of the Museum have been prepared on the accrual method of accounting. Accordingly, assets are recorded when the Museum obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Museum's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Museum's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Museum, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, the governing board of the Museum may elect to designate such resources for specific purposes. This designation may be removed at the board's discretion.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Museum must continue to use the resources in accordance with the donor's instructions.

The Museum's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Museum, unless the donor provides more specific directions about the period of its use.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and cash equivalents

For purposes of the statement of cash flows, the Museum considers all short-term investments with original maturities of three months or less to be cash equivalents. The Museum maintains accounts at various financial institutions which, at times, may exceed federally insured limits. The Museum has not experienced any losses in such accounts. The Museum believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectibility of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Inventories

Inventories, which consist principally of books, reproductions and souvenirs, are stated at the lower of cost or net realizable value on a first-in, first-out (FIFO) method.

Property and equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Unamortized debt issuance costs

Unamortized debt issuance costs represent fees and other costs associated with obtaining long-term financing. Such costs are being amortized on a straight-line basis, which approximates the level yield method, over the term of the related debt obligation, and are recorded net of accumulated amortization of \$10,159 and \$7,892 as of September 30, 2021 and 2020, respectively. Unamortized debt issuance costs are included within other assets on the statement of financial position, and will be netted against the related debt once the Museum draws on the loan. Amortization expense totaled \$2,267 and \$2,266 in 2021 and 2020, respectively.

Investments

Investments are reported at fair value. The net investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment funds

The Museum's endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed or legal restrictions. Endowment funds include invested gifts.

As required by generally accepted accounting principles, the Museum classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as non-expendable net assets is classified as expendable net assets until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by state law.

In accordance with the Uniform Prudent Management of Institutional Funds Act, the Museum can consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the organization; and the investment policies of the organization.

The Museum has adopted investment and spending policies for its Board-designated and other endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to have a risk profile similar to a 70% equity and 30% bond blend and to achieve results of the mutual fund's benchmark. Actual returns in any given year may vary from these benchmarks.

To satisfy its long-term rate-of-return objectives, the Museum relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Museum has invested in a portfolio that targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Museum has a practice of appropriating for distribution each year 5.0% to 6.0% of its endowment fund's average fair value over the prior twelve quarters through March 31 of the year proceeding the year in which the distribution is planned. In establishing this practice, the Museum considered the long-term expected return on its endowment. This is consistent with the Museum's objective to maintain the purchasing power of its endowment.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor imposed restrictions require the Museum to retain as a fund of perpetual duration. The Museum may appropriate for expenditure from these underwater funds in accordance with the prudent measures prescribed by state law. There were no such deficiencies as of September 30, 2021 and 2020.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collection

As allowed by accounting principles generally accepted in the United States of America and following the practices of many museums, the Museum has not capitalized its collection of items of historical nature and other related objects purchased or donated. The collection is held for public education or research in furtherance of public service rather than financial gain. The Museum continually reviews its collection and may deaccession or acquire additional items. Expenditures for additional collection items are presented as a reduction in the appropriate class of net assets.

Contributions, gifts and grants

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

The Museum is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the Museum has an irrevocable right to the bequest.

Gifts-in-kind contributions

The Museum receives contributions in a form other than cash or investments. If material, donated supplies and other items are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Museum receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Museum's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The Museum benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Museum's program operations and in its fund-raising events. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. There were no donated services that met these criteria in 2021 or 2020.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense recognition and allocation

The cost of providing the Museum's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Technology, facilities, and depreciation and amortization are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Management periodically evaluates the basis on which costs are allocated.

Administration expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Museum.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Museum generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, all costs associated with advertising the Museum are expensed in the year incurred. Advertising expense was \$40,013 and \$16,139 in 2021 and 2020, respectively.

Tax-exempt status

The Museum is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Museum are tax deductible to donors under Section 170 of the IRC. The Museum is not classified as a private foundation.

3 - RISKS AND UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global economies experienced significant volatility resulting from uncertainty caused by the pandemic. The Museum is closely monitoring this situation and is actively working to minimize its impact. The extent of the impact of COVID-19 on the Museum's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Museum's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Museum's financial position, changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 and 2020 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 968,015	\$ 1,691,076
Accounts receivable	20,567	134
Contributions receivable, net	128,902	483,312
Investments	8,320,867	7,216,813
Total financial assets	9,438,351	9,391,335
Less: Financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	879,671	1,248,313
Donor-restricted endowment assets, net of budgeted appropriation	2,227,902	1,821,599
Less: Financial assets not available within one year:		
Contributions receivable, net of amounts that are not also subject to purpose restrictions	122,902	480,812
Less: Board-designated funds	5,937,239	5,247,814
Amount available for general expenditures within one year	\$ 270,637	\$ 592,797

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Museum's intention to invest those resources for the long-term support of the Museum. However, in the case of need, the Board of Governors could appropriate resources from either the donor-restricted funds available for general use (\$2,315,144, of which \$1,469,385 is the original gift) or from its designated endowment fund (\$5,607,229). The above table also reflects donor-restricted endowment funds net of the budgeted appropriation for the following year. Reductions for budgeted appropriations were \$421,430 and \$420,630 as of September 30, 2021 and 2020, respectively. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

The above table reflects contributions receivable net of amounts expected to be collected within one year that are not also subject to purpose restrictions. These reductions were \$6,000 and \$2,500 as of September 30, 2021 and 2020, respectively.

The Museum regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the available financial assets summarized above, the Museum anticipates collecting sufficient contributions and other revenue to cover general expenditures not covered by donor-restricted resources and endowment appropriations.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of September 30, 2020 and 2019 are as follows:

	2021	2020
Due: Less than one year	\$ 99,755	\$ 352,667
One to five years	29,389	131,091
	129,144	483,758
Less: Discounts to present value	(242)	(446)
	\$ 128,902	\$ 483,312

6 - PROPERTY AND EQUIPMENT

Property and equipment, together with estimated useful lives, consists of the following:

	Estimated Useful Lives	2021	2020
Land and land improvements	15 years	\$ 138,080	\$ 138,080
Buildings	15 - 35 years	14,225,192	14,136,983
Equipment	3 - 7 years	111,547	111,547
Construction in progress	-	2,757,005	1,131,602
		17,231,824	15,518,212
Less: Accumulated depreciation		3,599,305	3,199,951
		\$ 13,632,519	\$ 12,318,261

Depreciation expense was \$399,354 and \$413,455 for 2021 and 2020, respectively.

7 - INVESTMENTS

Investments are included in the following classes of net assets:

	2021	2020
With donor restrictions:		
Donor-restricted endowment funds	\$ 2,649,332	\$ 2,242,229
Without donor restrictions:		
Board-designated endowment funds	5,607,229	4,917,804
Undesignated	64,306	56,780
	\$ 8,320,867	\$ 7,216,813

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - INVESTMENTS (Continued)

Investment fair values as of September 30 are summarized as follows:

	2021	2020
Mutual funds		
Equity-based	\$ 5,815,813	\$ 4,635,885
Fixed income	2,505,054	2,580,928
	\$ 8,320,867	\$ 7,216,813

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 88,771	\$ 40,171	\$ 128,942
Net realized and unrealized gains	888,914	396,654	1,285,568
	\$ 977,685	\$ 436,825	\$ 1,414,510

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 86,049	\$ 41,621	\$ 127,670
Net realized and unrealized gains	362,377	128,370	490,747
	\$ 448,426	\$ 169,991	\$ 618,417

8 - MORTGAGE LOAN PAYABLE

In February 2017, the Museum entered into a construction mortgage loan agreement with a financial institution. The agreement allowed the Museum to borrow up to \$5,000,000 through February 2020. In August 2019, the Museum amended the loan to reduce the maximum borrowings to \$2,000,000 and extend the drawdown period through February 2023. Payments are interest only until February 2023. There were no borrowings as of September 30, 2021 and 2020.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - NOTE PAYABLE

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the CARES Act and administered by the SBA. Organizations who met the eligibility requirements set forth by the PPP could qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization. The loan bears interest at 1.0%, with principal and interest payments deferred for the first six months of the loan. After that, the loan and interest would be paid back over a period of 18 months, if the loan is not forgiven under the terms of the PPP. The Museum has accounted for these loan proceeds as a conditional contribution in accordance with ASC 958 whereby revenue is not recognized until certain conditions are substantially met or explicitly waived.

In April 2020, the Museum received a loan of \$211,920 under the PPP. The Museum subsequently filed the loan forgiveness application for full amount of the loan balance and accrued interest, which was approved by the SBA, the granting authority, in November 2020. Debt forgiveness income was recognized for \$211,920 at that time.

The Museum received a second loan of \$211,917 under the PPP in January 2021. The Museum subsequently filed the loan forgiveness application for full amount of the loan balance and accrued interest, which was approved by the SBA, the granting authority, in June 2021. Debt forgiveness income was recognized for \$211,917 at that time.

10 - ENDOWMENT ASSETS

Endowment assets include donor-restricted and Board-designated investments. Changes in endowment assets for the year ended September 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 4,917,804	\$ 2,242,229	\$ 7,160,033
Investment return			
Interest and dividend income, net	88,771	40,171	128,942
Net realized and unrealized gains	888,914	396,654	1,285,568
Total investment return	977,685	436,825	1,414,510
Contributions and designations	-	96,148	96,148
Change in value of charitable gift annuities	-	10,538	10,538
Payments for charitable gift annuity obligations	-	(4,038)	(4,038)
Appropriation for expenditure	(288,260)	(132,370)	(420,630)
Endowment assets, end of year	\$ 5,607,229	\$ 2,649,332	\$ 8,256,561

CONCORD ANTIQUARIAN SOCIETY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - ENDOWMENT ASSETS (Continued)

Changes in endowment assets for the year ended September 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 4,171,889	\$ 2,200,113	\$ 6,372,002
Investment return			
Interest and dividend income, net	86,049	41,621	127,670
Net realized and unrealized gains	<u>362,377</u>	<u>128,370</u>	<u>490,747</u>
Total investment return	448,426	169,991	618,417
Contributions and designations	561,647	100	561,747
Change in value of charitable gift annuities	-	4,625	4,625
Payments for charitable gift annuity obligations	-	(4,038)	(4,038)
Appropriation for expenditure	<u>(264,158)</u>	<u>(128,562)</u>	<u>(392,720)</u>
Endowment assets, end of year	<u>\$ 4,917,804</u>	<u>\$ 2,242,229</u>	<u>\$ 7,160,033</u>

11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

In addition to the board-designated endowment funds, the Board has designated funds for a future projects, capital acquisitions, and maintenance. Appropriations from these reserves require the approval of the Museum's Board of Governors. No amounts were appropriated in 2021 and 2020.

The balances in the board-designated funds are as follows:

	<u>2021</u>	<u>2020</u>
Future projects	\$ 327,189	\$ 327,189
Capital acquisitions and maintenance	<u>2,821</u>	<u>2,821</u>
	<u>\$ 330,010</u>	<u>\$ 330,010</u>

CONCORD ANTIQUARIAN SOCIETY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2021 and 2020, net assets with donor restrictions are available for the following purposes or periods:

	2021	2020
Purpose restrictions, available for spending:		
Program and administrative activities	\$ 286,748	\$ 143,570
Capital activities	592,923	1,104,743
Total purpose restricted net assets	879,671	1,248,313
Time restrictions:		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	122,902	480,812
Endowment funds, which must be appropriated by the Board of Governors before use:		
Support of specified program activities (original gifts of \$246,008)	304,369	227,957
Support of Executive Director position (original gifts of \$10,679)	12,304	10,233
Support of any activities of the Museum (original gifts of \$1,469,385)	2,315,144	1,982,486
Total endowment funds managed by the Museum	2,631,817	2,220,676
Total net assets with donor restrictions	\$ 3,634,390	\$ 3,949,801

During 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	2021	2020
Time restriction satisfied by collection of pledges receivable	\$ 69,300	\$ 105,647
Expenditures for program activities	43,768	236,602
Expenditures for capital activities	1,587,815	2,003,995
	\$ 1,700,883	\$ 2,346,244

13 - RETIREMENT PLAN

The Museum has a defined contribution retirement plan covering all eligible employees. The Museum's contribution to the plan is 5% of participants' compensation. The Museum's contributions to the plan were \$41,271 and \$40,144 in 2021 and 2020, respectively.

14 - FAIR VALUE MEASUREMENTS

The Museum follows the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC Topic 820) which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - FAIR VALUE MEASUREMENTS (Continued)

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When available, the Museum measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Museum is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the Museum's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Mutual funds: Valued at the closing price reported on the active market in which the individual securities are traded. These funds held by the Museum are open-end mutual funds registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The securities held by the Museum are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Museum believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - FAIR VALUE MEASUREMENTS (Continued)

The Museum's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at September 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Equity-based	\$ 5,815,813	\$ -	\$ -	\$ 5,815,813
Fixed income	2,505,054	-	-	2,505,054
Total recurring fair value measurements	\$ 8,320,867	\$ -	\$ -	\$ 8,320,867

The Museum's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at September 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Equity-based	\$ 4,635,885	\$ -	\$ -	\$ 4,635,885
Fixed income	2,580,928	-	-	2,580,928
Total recurring fair value measurements	\$ 7,216,813	\$ -	\$ -	\$ 7,216,813

The Museum does not measure any liabilities at fair value on a recurring or non-recurring basis.

15 - RELATED-PARTY TRANSACTIONS

At September 30, 2021 and 2020, contributions receivable included \$54,353 and \$151,958, respectively, from members of the Museum's Board of Governors. Total contributions received from board members were \$586,783 and \$1,226,123 in 2021 and 2020, respectively.

16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

17 - RECLASSIFICATIONS

Certain amounts in the 2020 comparative information have been reclassified to conform with the 2021 presentation. Such reclassifications had no effect on the change in net assets as previously reported.