

**CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

AND

INDEPENDENT AUDITOR'S REPORT

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 18

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Concord Antiquarian Society DBA Concord Museum

Opinion

We have audited the financial statements of Concord Antiquarian Society DBA Concord Museum (the Museum), which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Museum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ballus Lynch, LLP

Worcester, Massachusetts
May 13, 2024

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 371,106	\$ 673,848
Contributions receivable, net	-	17,141
Inventories	2,740	2,425
Prepaid expenses	7,621	28,025
Total current assets	381,467	721,439
Property and equipment, net	12,998,217	13,416,942
Investments	7,350,971	6,771,694
Other assets	-	44,000
Collection	-	-
	\$ 20,730,655	\$ 20,954,075
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 243,203	\$ 248,351
Deferred revenue	1,423	545
Total current liabilities	244,626	248,896
Net assets		
Without donor restrictions		
Undesignated	12,427,054	13,034,615
Board-designated for endowment	4,922,882	4,534,043
With donor restrictions	3,136,093	3,136,521
Total net assets	20,486,029	20,705,179
	\$ 20,730,655	\$ 20,954,075

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

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue and other activities			
Contributions and grants			
of cash and other financial assets	\$ 744,148	\$ 291,590	\$ 1,035,738
Admissions and memberships	286,437	-	286,437
School and public programs	124,971	-	124,971
Interest income	5,237	-	5,237
Auxiliary operations	106,536	-	106,536
Special events	218,515	-	218,515
Change in value of charitable gift annuities	5,534	3,057	8,591
Net investment return	693,735	328,125	1,021,860
Investment return designated for operations	144,517	(144,517)	-
Net assets released from restrictions			
Satisfaction of purpose restrictions	468,683	(468,683)	-
Satisfaction of time restrictions	10,000	(10,000)	-
Total	<u>2,808,313</u>	<u>(428)</u>	<u>2,807,885</u>
Expenditures			
Program			
Educational	654,663	-	654,663
Curatorial, exhibits and collections	1,033,775	-	1,033,775
Supporting services			
Advancement	770,010	-	770,010
Administration	568,587	-	568,587
Total	<u>3,027,035</u>	<u>-</u>	<u>3,027,035</u>
Change in net assets	(218,722)	(428)	(219,150)
Net assets, beginning of year	<u>17,568,658</u>	<u>3,136,521</u>	<u>20,705,179</u>
Net assets, end of year	<u>\$ 17,349,936</u>	<u>\$ 3,136,093</u>	<u>\$ 20,486,029</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue and other activities			
Contributions and grants			
of cash and other financial assets	\$ 753,787	\$ 305,318	\$ 1,059,105
Admissions and memberships	280,444	-	280,444
School and public programs	75,659	-	75,659
Interest income	995	-	995
Auxiliary operations	110,966	-	110,966
Contributions of nonfinancial assets	11,670	-	11,670
Special events	224,358	-	224,358
Loss on uncollectible contributions receivable	-	(33,251)	(33,251)
Change in value of charitable gift annuities	(8,835)	(7,216)	(16,051)
Net investment return	(788,229)	(371,514)	(1,159,743)
Investment return designated for operations	134,773	(134,773)	-
Net assets released from restrictions			
Satisfaction of purpose restrictions	187,033	(187,033)	-
Satisfaction of time restrictions	69,400	(69,400)	-
Total	<u>1,052,021</u>	<u>(497,869)</u>	<u>554,152</u>
Expenditures			
Program			
Educational	602,188	-	602,188
Curatorial, exhibits and collections	1,012,645	-	1,012,645
Supporting services			
Advancement	646,572	-	646,572
Administration	555,103	-	555,103
Total	<u>2,816,508</u>	<u>-</u>	<u>2,816,508</u>
Change in net assets	(1,764,487)	(497,869)	(2,262,356)
Net assets, beginning of year	<u>19,333,145</u>	<u>3,634,390</u>	<u>22,967,535</u>
Net assets, end of year	<u>\$ 17,568,658</u>	<u>\$ 3,136,521</u>	<u>\$ 20,705,179</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, 2023 AND 2022

Year ended September 30, 2023

	Program Services		Supporting Services				Total
	Educational	Curatorial, Exhibits and Collections	Advancement	Administration	Technology	Facilities	
Salaries	\$ 408,804	\$ 209,603	\$ 341,315	\$ 344,366	\$ -	\$ -	\$ 1,304,088
Benefits	15,924	9,841	30,588	20,926	-	-	77,279
Payroll taxes	30,643	14,099	24,663	25,407	-	-	94,812
Total payroll expenses	455,371	233,543	396,566	390,699	-	-	1,476,179
Operating expenses	21,738	34,653	125,365	34,621	61,978	55,834	334,189
Outside services	755	42,737	207,784	12,816	2,590	94,781	361,463
Program expenses	13,486	17,003	18,572	2,528	-	-	51,589
Professional fees	-	-	-	29,850	-	-	29,850
Insurance	-	1,966	-	-	-	49,691	51,657
Utilities	-	-	-	-	-	121,985	121,985
Occupancy	-	-	-	-	-	50,624	50,624
Collection items purchased	-	21,482	-	-	-	-	21,482
Depreciation and amortization	89,313	373,189	11,880	53,635	-	-	528,017
Total expenses before allocation of technology and facilities	580,663	724,573	760,167	524,149	64,568	372,915	3,027,035
Technology expenses	10,922	45,635	1,453	6,558	(64,568)	-	-
Facilities expenses	63,078	263,567	8,390	37,880	-	(372,915)	-
Total functional expenses	<u>\$ 654,663</u>	<u>\$ 1,033,775</u>	<u>\$ 770,010</u>	<u>\$ 568,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,027,035</u>

Year ended September 30, 2022

	Program Services		Supporting Services				Total
	Educational	Curatorial, Exhibits and Collections	Advancement	Administration	Technology	Facilities	
Salaries	\$ 369,974	\$ 265,608	\$ 305,539	\$ 267,244	\$ -	\$ -	\$ 1,208,365
Benefits	24,357	19,194	31,020	17,868	-	-	92,439
Payroll taxes	27,377	17,661	21,867	19,221	-	-	86,126
Total payroll expenses	421,708	302,463	358,426	304,333	-	-	1,386,930
Operating expenses	11,412	29,102	146,732	52,450	58,597	53,323	351,616
Outside services	350	36,447	69,000	68,953	17,517	75,853	268,120
Program expenses	14,764	1,349	51,937	8,241	-	-	76,291
Professional fees	-	-	-	28,675	-	-	28,675
Insurance	-	-	-	-	-	39,367	39,367
Utilities	-	-	-	-	-	122,099	122,099
Occupancy	-	-	-	-	-	66,093	66,093
Depreciation and amortization	80,738	337,356	10,739	48,484	-	-	477,317
Total expenses before allocation of technology and facilities	528,972	706,717	636,834	511,136	76,114	356,735	2,816,508
Technology expenses	12,875	53,796	1,712	7,731	(76,114)	-	-
Facilities expenses	60,341	252,132	8,026	36,236	-	(356,735)	-
Total functional expenses	<u>\$ 602,188</u>	<u>\$ 1,012,645</u>	<u>\$ 646,572</u>	<u>\$ 555,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,816,508</u>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (219,150)	\$ (2,262,356)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	484,017	475,050
Amortization of debt issuance costs	44,000	2,267
Change in present value discount on contributions receivable	-	(243)
Loss on uncollectible contributions receivable	-	33,251
Net investment (gains) losses	(872,132)	1,298,270
Gifts restricted for long-term investment	-	(53,700)
Gifts restricted for capital expenditures	(26,500)	-
(Increase) decrease in operating assets:		
Contributions receivable	10,000	16,500
Accounts receivable	-	20,567
Inventories	(315)	(2,209)
Prepaid expenses	20,404	(1,456)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(5,148)	81,296
Deferred revenue	878	(5,027)
Total adjustments	<u>(344,796)</u>	<u>1,864,566</u>
Net cash used in operating activities	<u>(563,946)</u>	<u>(397,790)</u>
Cash flows from investing activities:		
Expenditures for property and equipment	(65,292)	(263,233)
Proceeds from sales and maturities of investments	457,349	428,779
Payments for purchases of investments	(164,494)	(177,876)
Net cash provided by (used in) investing activities	<u>227,563</u>	<u>(12,330)</u>
Cash flows from financing activities:		
Gifts received for long-term investment	-	53,700
Gifts received for capital expenditures	33,641	62,253
Net cash provided by financing activities	<u>33,641</u>	<u>115,953</u>
Net decrease in cash and cash equivalents	(302,742)	(294,167)
Cash and cash equivalents, beginning of year	<u>673,848</u>	<u>968,015</u>
Cash and cash equivalents, end of year	<u>\$ 371,106</u>	<u>\$ 673,848</u>

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.

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.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

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 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.

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. There was no allowance for uncollectible contributions receivable at September 30, 2023 or 2022.

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 statements 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 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.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 were recorded net of accumulated amortization of \$12,426 as of September 30, 2022. Amortization expense totaled \$2,267 in 2022. Unamortized debt issuance costs were included within other assets on the statements of financial position. The drawdown period on the related debt expired in February 2023, at which time the remaining unamortized debt issuance costs of \$44,000 were written off to amortization expense.

Investments

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

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 comparable to the fund benchmarks. 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 recent practice of appropriating for distribution each year 6.0% of its endowment fund's average fair value over the prior twelve quarters through June 30 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.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment funds (continued)

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 underwater funds as of September 30, 2023. As of September 30, 2022, funds with an original gift value of \$310,387 were underwater by \$10,099.

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 and grants of cash and other financial assets

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.

Contributions of nonfinancial assets

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 2023 or 2022.

There were no contributions of nonfinancial assets in 2023. Contributions of nonfinancial assets were \$11,670 in 2022 and consist of supplies and other program expenses for the Museum's special events.

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 \$23,366 and \$38,981 in 2023 and 2022, 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 - 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, 2023 and 2022 are:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 371,106	\$ 673,848
Contributions receivable, net	-	17,141
Investments	7,350,971	6,771,694
Total financial assets	7,722,077	7,462,683
Less: Financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	777,415	947,367
Donor-restricted endowment assets, net of budgeted appropriation	2,222,163	2,039,071
Less: Financial assets not available within one year:		
Contributions receivable	-	17,141
Less: Board-designated funds, net of budgeted appropriation	4,613,106	4,230,278
Amount available for general expenditures within one year	\$ 109,393	\$ 228,826

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - LIQUIDITY AND AVAILABILITY (Continued)

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 (\$2,032,650, of which \$1,465,225 is the original gift) or from its board-designated endowment fund (\$4,922,882). The above table also reflects donor-restricted and board-designated endowment funds net of the budgeted appropriation for the following year. Reductions for budgeted appropriations were \$458,997 and \$450,185 as of September 30, 2023 and 2022, respectively. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

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.

4 - PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives	2023	2022
Land and land improvements	15 years	\$ 138,080	\$ 138,080
Buildings	15 - 35 years	17,287,418	17,217,727
Equipment	3 - 7 years	111,547	111,547
Furniture and fixtures	5 years	19,543	12,653
Construction in progress	-	-	11,290
		17,556,588	17,491,297
Less: Accumulated depreciation		4,558,371	4,074,355
		\$ 12,998,217	\$ 13,416,942

Depreciation expense was \$484,017 and \$475,050 for 2023 and 2022, respectively.

5 - INVESTMENTS

Investments are included in the following classes of net assets:

	2023	2022
With donor restrictions:		
Donor-restricted endowment funds	\$ 2,371,384	\$ 2,185,491
Without donor restrictions:		
Board-designated endowment funds	4,922,882	4,534,043
Undesignated	56,705	52,160
	\$ 7,350,971	\$ 6,771,694

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

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

	2023	2022
Mutual funds		
Equity-based	\$ 5,336,074	\$ 4,637,286
Fixed income	2,014,897	2,134,408
	\$ 7,350,971	\$ 6,771,694

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 109,558	\$ 52,051	\$ 161,609
Net realized and unrealized gains	584,177	276,074	860,251
	\$ 693,735	\$ 328,125	\$ 1,021,860

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 81,750	\$ 39,120	\$ 120,870
Net realized and unrealized losses	(869,979)	(410,634)	(1,280,613)
	\$ (788,229)	\$ (371,514)	\$ (1,159,743)

6 - 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, 2023 and 2022.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - ENDOWMENT ASSETS

Endowment assets include donor-restricted and board-designated investments. Changes in endowment assets for the year ended September 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 4,534,043	\$ 2,185,491	\$ 6,719,534
Investment return			
Interest and dividend income, net	110,145	52,051	162,196
Net realized and unrealized gains	<u>584,177</u>	<u>276,074</u>	<u>860,251</u>
Total investment return	694,322	328,125	1,022,447
Change in value of charitable gift annuities	-	6,323	6,323
Payments for charitable gift annuity obligations	-	(4,038)	(4,038)
Appropriation for expenditure	<u>(305,483)</u>	<u>(144,517)</u>	<u>(450,000)</u>
Endowment assets, end of year	<u>\$ 4,922,882</u>	<u>\$ 2,371,384</u>	<u>\$ 7,294,266</u>

Changes in endowment assets for the year ended September 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 5,607,229	\$ 2,649,332	\$ 8,256,561
Investment return			
Interest and dividend income, net	83,450	39,120	122,570
Net realized and unrealized losses	<u>(869,979)</u>	<u>(410,634)</u>	<u>(1,280,613)</u>
Total investment return	(786,529)	(371,514)	(1,158,043)
Contributions and designations	-	53,700	53,700
Change in value of charitable gift annuities	-	(7,216)	(7,216)
Payments for charitable gift annuity obligations	-	(4,038)	(4,038)
Appropriation for expenditure	<u>(286,657)</u>	<u>(134,773)</u>	<u>(421,430)</u>
Endowment assets, end of year	<u>\$ 4,534,043</u>	<u>\$ 2,185,491</u>	<u>\$ 6,719,534</u>

8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

In addition to the board-designated endowment funds, the board has designated funds for future projects, capital acquisitions, and maintenance. Appropriations from these reserves require the approval of the Museum's Board of Governors and totaled \$330,010 in 2022. There were no remaining board-designated reserves as of September 30, 2023 or 2022.

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Purpose restrictions, available for spending:		
Program and administrative activities	\$ 314,620	\$ 475,639
Capital activities	462,795	471,728
Total purpose restricted net assets	777,415	947,367
Time restrictions:		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	-	17,141
Endowment funds, which must be appropriated by the Board of Governors before use:		
Support of specified program activities (original gifts of \$299,708)	315,149	290,217
Support of Executive Director position (original gifts of \$10,679)	10,879	10,071
Support of any activities of the Museum (original gifts of \$1,465,225)	2,032,650	1,871,725
Total endowment funds managed by the Museum	2,358,678	2,172,013
Total net assets with donor restrictions	\$ 3,136,093	\$ 3,136,521

During 2023 and 2022, 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:

	2023	2022
Time restriction satisfied by collection of pledges receivable	\$ 10,000	\$ 69,400
Expenditures for program activities	426,109	3,585
Expenditures for capital activities	42,574	183,448
	\$ 478,683	\$ 256,433

10 - 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 \$35,737 and \$37,917 in 2023 and 2022, respectively.

11 - 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)

11 - 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, 2023 and 2022.

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.

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, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
Equity-based	\$ 5,336,074	\$ -	\$ -	\$ 5,336,074
Fixed income	2,014,897	-	-	2,014,897
Total recurring fair value measurements	\$ 7,350,971	\$ -	\$ -	\$ 7,350,971

CONCORD ANTIQUARIAN SOCIETY
DBA CONCORD MUSEUM

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - 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, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual funds				
Equity-based	\$ 4,637,286	\$ -	\$ -	\$ 4,637,286
Fixed income	<u>2,134,408</u>	<u>-</u>	<u>-</u>	<u>2,134,408</u>
Total recurring fair value measurements	<u>\$ 6,771,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,771,694</u>

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

12 - RELATED-PARTY TRANSACTIONS

At September 30, 2022, contributions receivable included \$12,100 from members of the Museum's Board of Governors. Total contributions received from board members were \$366,106 and \$342,640 in 2023 and 2022, respectively.

13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2024, 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.