

**ALLEN COUNTY – FORT WAYNE
HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY**

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2023 with
Summarized Information for June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Allen County - Fort Wayne Historical Society, Inc.
and its subsidiary
Fort Wayne, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Allen County - Fort Wayne Historical Society, Inc. and its subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen County - Fort Wayne Historical Society, Inc. and its subsidiary as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Allen County - Fort Wayne Historical Society, Inc. and its subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Allen County - Fort Wayne Historical Society, Inc. and its subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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, including omissions, 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.

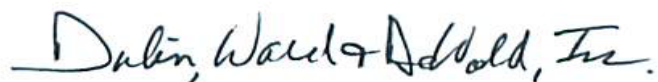
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Allen County - Fort Wayne Historical Society, Inc. and its subsidiary'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 Allen County - Fort Wayne Historical Society, Inc. and its subsidiary'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.

Report on Summarized Comparative Information

We have previously audited Allen County - Fort Wayne Historical Society, Inc. and its subsidiary's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Fort Wayne, Indiana
February 14, 2024

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2023 with Summarized Information for June 30, 2022**

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 390,158	\$ 649,103
Contributions receivable - net	96,500	139,800
Accounts receivable	12,010	4,823
Inventories	17,621	20,964
Prepaid expenses	6,104	4,866
Investments	770,104	358,215
Beneficial interest	114,677	110,229
Cash restricted for capital improvements	-	453,001
Operating lease right-of-use assets	4,904	-
Land, building and equipment - net	4,851,521	4,445,293
Historical collections	-	-
	-	-
Total Assets	\$ 6,263,599	\$ 6,186,294
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 32,316	\$ 5,258
Accrued expenses	8,933	6,854
Deferred memberships	13,376	14,313
Refundable advance	23,400	-
Operating lease liabilities	4,904	-
	82,929	26,425
Total Liabilities	82,929	26,425
Net assets:		
Without donor restriction	5,573,320	5,178,271
With donor restriction	607,350	981,598
	6,180,670	6,159,869
Total Net Assets	6,180,670	6,159,869
Total Liabilities and Net Assets	\$ 6,263,599	\$ 6,186,294

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

ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2023 with Summarized
Information for the Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
CHANGES IN NET ASSETS				
Support, Revenues and Gains				
Contributions and grants	\$ 448,820	\$ 112,943	\$ 561,763	\$ 910,510
Contributed nonfinancial assets	12,036	-	12,036	7,025
Special events:				
Proceeds	64,156	-	64,156	53,461
Less direct benefit to donors	(2,220)	-	(2,220)	(1,905)
Memberships	24,466	-	24,466	22,772
Admissions	14,348	-	14,348	10,567
Gift shop sales - net of cost of goods sold of \$1,973 (2023) and \$4,323 (2022)	3,302	-	3,302	5,093
Rent income	63,965	-	63,965	57,724
Other income	2,236	-	2,236	4,000
Investment income - net	5,202	7,922	13,124	15,507
Gain (loss) on investments	(1,521)	19,917	18,396	-
Gain on beneficial interest	5,109	1,433	6,542	-
Net Assets Released From Restrictions	<u>516,463</u>	<u>(516,463)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues and Gains	1,156,362	(374,248)	782,114	1,084,754
Expenses and Losses:				
Museum	496,827	-	496,827	447,474
Gift shop	32,076	-	32,076	29,913
Management and general	168,098	-	168,098	178,324
Fundraising	64,312	-	64,312	63,323
Loss on investments	-	-	-	61,739
Loss on beneficial interest	-	-	-	12,278
Total Expenses and Losses	<u>761,313</u>	<u>-</u>	<u>761,313</u>	<u>793,051</u>
CHANGE IN NET ASSETS	395,049	(374,248)	20,801	291,703
NET ASSETS - beginning of year	<u>5,178,271</u>	<u>981,598</u>	<u>6,159,869</u>	<u>5,868,166</u>
NET ASSETS - end of year	<u>\$ 5,573,320</u>	<u>\$ 607,350</u>	<u>\$ 6,180,670</u>	<u>\$ 6,159,869</u>

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

ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023 with Summarized
Information for the Year Ended June 30, 2022

	Museum	Gift Shop	Management and General
Salaries	\$ 168,495	\$ 27,534	\$ 58,208
Employee benefits	17,926	74	4,488
Payroll taxes	12,733	2,106	4,562
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	199,154	29,714	67,258
Occupancy	111,110	-	21,594
Insurance	16,255	132	6,706
Advertising and promotion	4,451	-	2,256
Printing and publications	19,903	-	-
Legal and accounting	-	-	18,640
Exhibits	16,510	-	-
Special events	2,006	-	-
Office supplies	-	-	7,058
Postage and shipping	4,100	-	1,218
Telephone and internet	782	-	4,415
Contracted labor	1,850	-	-
Educational programs	3,976	-	-
Equipment rent and maintenance	-	-	3,555
Other expenses	-	-	3,241
Credit card fees	-	2,083	-
Payroll service fees	900	147	422
Dues and subscriptions	-	-	1,057
Bank and filing fees	-	-	286
Travel and entertainment	-	-	123
Conferences, conventions and meetings	-	-	34
	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	380,997	32,076	137,863
Depreciation	115,830	-	30,235
	<hr/>	<hr/>	<hr/>
Statement of Activities Functional Expenses	496,827	32,076	168,098
Expenses included in support and revenue:			
Direct benefit to donors	-	-	-
Cost of goods sold	-	1,973	-
	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 496,827</u>	<u>\$ 34,049</u>	<u>\$ 168,098</u>

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

Fundraising	2023 Total	2022 Total
\$ 28,407	\$ 282,644	\$ 295,067
1,356	23,844	26,141
2,064	21,465	21,864
<hr/>	<hr/>	<hr/>
31,827	327,953	343,072
-	132,704	105,062
136	23,229	20,146
14,202	20,909	13,131
682	20,585	7,916
-	18,640	19,296
-	16,510	14,464
11,838	13,844	13,927
1,869	8,927	7,575
594	5,912	5,530
-	5,197	5,411
2,702	4,552	10,175
-	3,976	1,655
-	3,555	1,884
310	3,551	2,901
-	2,083	1,671
152	1,621	1,175
-	1,057	890
-	286	199
-	123	60
-	34	-
<hr/>	<hr/>	<hr/>
64,312	615,248	576,140
-	146,065	142,894
<hr/>	<hr/>	<hr/>
64,312	761,313	719,034
2,220	2,220	1,905
-	1,973	4,323
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<u>\$ 66,532</u>	<u>\$ 765,506</u>	<u>\$ 725,262</u>

ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2023 with Summarized
Information for the Year Ended June 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 20,801	\$ 291,703
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Contributions restricted for long term purposes	(36,243)	(430,144)
Increase (decrease) in present value discount	(3,700)	-
Reinvested interest - net	(10,328)	(11,780)
Reinvested interest in beneficial interest - net	(2,756)	(3,590)
(Gain) loss on investments	(18,396)	61,739
(Gain) loss on beneficial interest	(6,542)	12,278
Depreciation	146,065	142,894
Contributed nonfinancial asset capitalized	-	(2,000)
Change in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	47,000	(48,500)
Accounts receivable	(7,187)	(1,238)
Inventories	3,343	(923)
Prepaid expenses	(1,238)	(246)
Increase (decrease) in:		
Accounts payable	27,058	960
Accrued expenses	2,079	(7,690)
Deferred memberships	(937)	2,695
Refundable advance	23,400	-
Cash Flows From Operating Activities	182,419	6,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(603,124)	-
Distributions from investments	219,959	14,443
Distributions from beneficial interest	4,850	4,727
Purchase of land, building and equipment	(552,293)	(24,487)
Cash Flows From Investing Activities	(930,608)	(5,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long term purposes	36,243	430,144
Cash Flows From Financing Activities	36,243	430,144
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(711,946)	430,985
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	1,102,104	671,119
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - end of year	\$ 390,158	\$ 1,102,104

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

ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Allen County - Fort Wayne Historical Society, Inc. (Society) promotes and augments the teaching of history as well as educates the public in history, especially in and of Allen County, Fort Wayne and the State of Indiana. The activities of the Society consist principally of the operation of a public museum of historic and prehistoric relics and natural and/or curiosities and specimens of art, nature, industry and commerce.

History Center Hayden Street Annex, LLC is a single member LLC owned by the Society. The LLC was created in 2011 to hold land on which a cell phone tower stands.

The consolidated financial statements include the accounts of the Allen County – Fort Wayne Historical Society, Inc. and its wholly-owned subsidiary, History Center Hayden Street Annex, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Income Taxes

The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Recent Accounting Guidance

During 2023, the Society adopted ASU 2016-02, *Leases* (Topic 842), as required by U.S. GAAP. This ASU will require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The Society adopted this standard on July 1, 2022, and elected not to restate comparative periods in the period of adoption. There was no cumulative effect of initially applying the new standard to the statement of financial position on July 1, 2022.

The Society elected the package of practical expedients and to not separate lease and non-lease components for all leases. The Society has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

During 2022, the Society adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* as management believes the standard improves the usefulness and understandability of the Society’s financial reporting. There is no effect on net assets in connection with the implementation of ASU 2020-07.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Receivables

When appropriate, the Society provides an allowance for doubtful accounts which is based on management's estimate of losses that will be incurred in the collection of all receivables.

Long term promises to give are valued at the present value of estimated future cash flow determined by applying the long term Applicable Federal Rate (AFR) as published by the Internal Revenue Service.

Inventories

Gift shop inventories for sale to the public are carried at the lower of first-in, first-out cost or market.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. These investments are initially recorded at cost if they were purchased or at their fair market value on the date of the gift if they were received as a donation. Unrealized gains and losses are included in the statement of activities change in net assets.

Land, Building and Equipment

Land, building and equipment with a cost or donated value of \$1,000 or more and a useful life in excess of one year are capitalized. The Society follows the policy of providing depreciation (except for the museum and the Richardville House, which are historical landmarks) on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Historical Collections

The collections, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restriction in the year in which the items are acquired or as net assets with donor restriction if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

Deferred Memberships

Deferred memberships consist of payments for membership fees for future periods.

Net Assets

Net assets without donor restrictions are available for use at the discretion of the Society's management and the board of directors. From time to time the board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Society recognizes contributions and grants as public support when cash, other assets or an unconditional promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Government grants are recognized as revenue when the unconditional promise is received or when the measurable performance or other barrier and right of return no longer exist.

Contributed nonfinancial assets are recognized as revenue and expense or capital assets and are recorded at market value on the date received. The Society also receives substantial contributions of nonprofessional services. The fair market value of the donated nonprofessional services is not reflected in the financial statements because it does not meet the recognition criteria set forth in FASB ASC 958-605.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

The Society records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Memberships represent an exchange transaction and are recognized over the one-year membership period. The Society recognizes revenue from admissions when services are provided. Gift shop sales are recognized at the time of purchase. With the exception of goods and services provided in connection with memberships, which are transferred over the period of membership, all services are transferred at a point in time.

The Society receives rental income from nonrecurring use of its building space. Rental income is recognized as revenue at the time building space is provided.

Other income is recognized as revenue when received.

Functional Allocation of Expense

The costs of providing the Society's programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated based on time and effort include salaries and related expenses, insurance, contracted labor, postage and shipping, telephone and internet, and payroll service fees. Expenses allocated based on square footage include depreciation.

Other Matters

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to conform prior year's financial statement to current presentation. The reclassifications have no effect on the previously reported operational results.

Subsequent Events

Management has evaluated subsequent events through February 14, 2024, the date which the financial statements were available for issue.

2. CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following:

	2023	2022
Contributions receivable	\$ 98,000	\$ 145,000
Less unamortized present value discount (2.36% and 2.09%)	<u>1,500</u>	<u>5,200</u>
Net contributions receivable	<u>\$ 96,500</u>	<u>\$ 139,800</u>
Amounts due in:		
Less than one year	\$ 63,000	\$ 61,000
One to five years	35,000	79,000
More than five years	<u>-</u>	<u>5,000</u>
	<u>\$ 98,000</u>	<u>\$ 145,000</u>

The Society has received notification of a conditional grant in the amount of up to \$500,000 for window replacement, roof repair and Barr Street Market repair. The expected funding is to be received on a reimbursement basis and has not been recorded as an asset of the Society as of June 30, 2023. Total reimbursements as of June 30, 2023 were \$458,689.

3. BENEFICIAL INTEREST

The beneficial interest of \$114,677 at June 30, 2023 and \$110,229 at June 30, 2022 consists of funds held by the Community Foundation of Greater Fort Wayne (Foundation), which are the result of an agreement whereby the Society has transferred assets to the Foundation and has specified itself as the beneficiary of the assets. The Society may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the asset upon consent of the Foundation.

(continued)

3. BENEFICIAL INTEREST (continued)

Additionally, the Foundation holds other investment assets, with a value of \$54,023 at June 30, 2023 and \$51,827 at June 30, 2022, for the benefit of the Society for which it has retained variance power. These assets are not recorded as assets of the Society.

4. INVESTMENTS

Investments at June 30 are summarized as follows:

	2023	2022
Investments		
Equities:		
Exchange traded funds	\$ 135,154	\$ 80,536
Mutual funds	98,432	122,552
Fixed income:		
Certificates of deposit	298,478	-
Exchange traded funds	119,179	131,871
Mutual funds	<u>18,222</u>	<u>21,533</u>
	669,465	356,492
Cash and cash equivalents	<u>100,639</u>	<u>1,723</u>
	<u>\$ 770,104</u>	<u>\$ 358,215</u>

5. FAIR VALUE MEASUREMENT

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets or liabilities in inactive markets.

(continued)

5. FAIR VALUE MEASUREMENT (continued)

Level 3. Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability. 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.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments. Value determined by reference to quoted market prices and other relevant information generated by market transactions.

Beneficial Interest. Value based upon the Society’s proportionate share of the Community Foundation of Greater Fort Wayne’s pooled investment portfolio.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2023 are as follows:

	Level 1	Level 3
Investments		
Equities:		
Mutual funds	\$ 135,154	\$ -
Exchange traded funds	98,432	-
Fixed income:		
Certificates of deposit	298,478	-
Exchange traded funds	119,179	-
Mutual funds	18,222	-
Beneficial interest	<u>-</u>	<u>114,677</u>
	<u>\$ 669,465</u>	<u>\$ 114,677</u>

(continued)

5. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis at June 30, 2022 are as follows:

	Level 1	Level 3
Investments		
Equities:		
Mutual funds	\$ 122,552	\$ -
Exchange traded funds	80,536	-
Fixed income:		
Exchange traded funds	131,871	-
Mutual funds	21,533	-
Beneficial interest	<u>-</u>	<u>110,229</u>
	<u>\$ 356,492</u>	<u>\$ 110,229</u>

Following is a reconciliation of activity for assets and liabilities measured at fair value based on significant unobservable inputs (Level 3) for the year ending June 30:

	2023	2022
Beginning balance – beginning of year	\$ 110,229	\$ 123,644
Total gains and losses included in change in net assets:		
Interest and dividends	3,329	4,220
Unrealized gain (loss)	4,842	(15,728)
Realized gain (loss)	1,700	3,450
Contributions	-	-
Investment fees	(573)	(630)
Distributions	<u>(4,850)</u>	<u>(4,727)</u>
Ending balance – end of year	<u>\$ 114,677</u>	<u>\$ 110,229</u>

6. OPERATING LEASES – RIGHT-OF-USE ASSETS AND LIABILITIES

The following leases related assets and liabilities are recorded on the statement of financial position as of June 30, 2023.

Assets:	
Operating lease right-of-use assets	<u>\$ 4,904</u>
Liabilities:	
Operating lease liabilities	<u>\$ 4,904</u>

The Society leases equipment under an operating lease expiring in fiscal year 2028. Total rental expense under these leases was \$1,257 for 2023.

Minimum future lease payments under noncancelable leases having initial or remaining terms of one year or more as of June 30, 2023 for each of the next five years and in the aggregate are:

2024	\$ 1,200
2025	1,200
2026	1,200
2027	1,200
2028	600
2029 and thereafter	<u>-</u>
	5,400
Less imputed interest	<u>496</u>
Operating lease liabilities	<u>\$ 4,904</u>
Weighted average remaining lease term	4.50 years
Weighted average discount rate	4.70%

7. LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30:

	2023	2022
Building improvements	\$ 3,645,220	\$ 3,092,927
Building - offsite storage	311,781	311,781
Furniture and equipment	164,099	164,099
Website	<u>7,860</u>	<u>7,860</u>
	4,128,960	3,576,667
Less accumulated depreciation	<u>2,453,635</u>	<u>2,307,570</u>
	1,675,325	1,269,097
Land - Museum, Richardville House and Barr Street Market	186,080	186,080
Land - offsite storage	5,000	5,000
Building - Museum and Richardville House	<u>2,985,116</u>	<u>2,985,116</u>
	<u>\$ 4,851,521</u>	<u>\$ 4,445,293</u>

The City of Fort Wayne has a reversionary interest on the Society's Museum and Barr Street Market properties. If the Museum property ceases to be used for historical society purposes or the Barr Street Market property ceases to be used for market purposes, the properties will revert back to the City of Fort Wayne.

8. LINE OF CREDIT

The Society has entered into an unsecured line of credit agreement with PNC Bank. The agreement provides for maximum borrowing of \$50,000 with interest at 10.00% at June 30, 2023. No amount was outstanding under the line at June 30, 2023 or June 30, 2022.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Society receives membership fees from customers that are recognized over the membership period. Advance payment of other fees are recognized when the goods or services are provided. Membership fees paid in advance for future periods are nonrefundable and recorded in deferred revenue at June 30. The following table provides information about significant changes in deferred revenue for the year ended June 30:

(continued)

9. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	2023	2022
Deferred revenue – beginning of year	\$ 14,313	\$ 11,618
Revenue recognized during the year for performance obligations satisfied in the year	(14,313)	(11,618)
Cash received for future performance obligations	<u>13,376</u>	<u>14,313</u>
Deferred revenue – end of year	<u>\$ 13,376</u>	<u>\$ 14,313</u>

10. REFUNDABLE ADVANCE

During 2023, the Society was awarded a grant from the City of Fort Wayne totaling \$46,800. As of June 30, 2023, \$23,400 of the grant had been received but no expenses have been incurred, as such the amount received has been recorded as a refundable advance on the statement of financial position.

	Assistance Listing #	
U.S. Department of the Treasury: Passed through the City of Fort Wayne: Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 23,400

11. NET ASSETS

Net assets with donor restrictions are restricted for the following at June 30:

	2023	2022
Time:		
Future periods – due in one year	\$ 63,000	\$ 38,000
Future periods – greater than one year	-	23,100
Specific purpose:		
Exhibits	144,057	531,701
School transportation fund	4,823	5,439
Chief Richardville House	-	1,000

(continued)

11. NET ASSETS (continued)

	2023	2022
Endowment:		
Permanent endowment	\$ 320,285	\$ 320,285
90 th anniversary endowment fund	19,008	19,008
Unappropriated endowment earnings	<u>56,177</u>	<u>43,065</u>
	<u>\$ 607,350</u>	<u>\$ 981,598</u>

Net assets were released from donor restrictions as follows for the periods ending June 30:

	2023	2022
Satisfaction of time restrictions:		
Future periods	\$ 68,000	\$ 66,500
Satisfaction of purpose restrictions:		
Exhibits	425,687	26,770
Mather lecture series	5,000	5,000
Chief Richardville House	1,000	-
School transportation fund	616	150
Other programs	-	2,000
Appropriation of endowment earnings - operations	<u>16,160</u>	<u>15,479</u>
	<u>\$ 516,463</u>	<u>\$ 115,899</u>

Net assets without donor restrictions are as follows:

	2023	2022
Board designated – improvement fund	\$ 251,535	\$ 219,345
Board designated – unexpected expenses	144,500	141,000
Board designated – exhibits	25,000	25,000
Board designated – collections fund	<u>4,678</u>	<u>5,733</u>
	425,713	391,078
Undesignated	<u>5,147,607</u>	<u>4,787,193</u>
	<u>\$ 5,573,320</u>	<u>\$ 5,178,271</u>

12. ENDOWMENT

Allen County-Fort Wayne Historical Society, Inc. has currently invested its donor-restricted endowment funds in investment accounts with a mixture of equities, fixed income, alternative investments and cash and cash equivalents. The endowments have been established for operating the Society. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Allen County-Fort Wayne Historical Society, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society retains in perpetuity (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 not retained in perpetuity are subject to appropriation for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society.

(continued)

12. ENDOWMENT (continued)

Endowment Net Asset Composition by Type of Fund as of June 30:

	2023	2022
Endowment net assets with donor restrictions:		
Original donor restricted gift amount required to be maintained in perpetuity by donor	\$ 339,293	\$ 339,293
Unappropriated earnings		
Total endowment funds with donor restrictions	<u>56,177</u>	<u>43,065</u>
Total funds	<u>\$ 395,470</u>	<u>\$ 382,358</u>

Changes in Endowment Net Assets for the Year Ended June 30:

	2023	2022
	With Donor Restriction	
Endowment net assets - beginning of year	\$ 382,358	\$ 449,697
Contributions	-	-
Investment return:		
Investment income	12,359	17,673
Unrealized gain (loss)	56,556	(194,480)
Realized gain (loss)	(35,206)	130,052
Fees	<u>(4,437)</u>	<u>(5,105)</u>
Total investment return	29,272	(51,860)
Appropriation of endowment assets for expenditure	<u>(16,160)</u>	<u>(15,479)</u>
Endowment net assets - end of year	<u>\$ 395,470</u>	<u>\$ 382,358</u>

(continued)

12. ENDOWMENT (continued)

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to preserve the principal in terms of its purchasing power so the fund will be able to serve the Society's needs over the long term; produce sufficient income to meet the needs of the Society; and provide long-term growth in assets as may be fairly balanced by the need for reasonable income and investment risk. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve satisfactory investment returns while gaining the risk control of diversification.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society 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 Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 4% of its endowment fund's average prior three-year portfolio value. In establishing this policy, the Society considered the long-term expected return on its endowment.

13. CONTRIBUTED NONFINANCIAL ASSETS

The Society recognized the following contributions of nonfinancial assets for the year ended June 30:

	2023	2022
Fundraising:		
Advertising and promotion	\$ 12,036	\$ 5,025
Land, building and equipment	<u> -</u>	<u> 2,000</u>
Total contributed nonfinancial assets	<u>\$ 12,036</u>	<u>\$ 7,025</u>

(continued)

13. CONTRIBUTED NONFINANCIAL ASSETS (continued)

Advertising and promotion consist of professional services provided for the Society’s fundraising event and is recorded at the estimated fair value of the services provided by a local TV station.

Donated land, building and equipment includes a partial donation of a new phone system put into service during 2022. The value of the donation was provided by the vendor installing the phone system.

None of the contributed nonfinancial assets have donor-imposed restrictions.

14. RENT INCOME

The Society leases a portion of its building on Hayden Street to two other organizations under operating leases that expire in March and May 2025. The Society recognized rent income from these leases of \$29,472 in 2023 and \$28,800 in 2022.

The Society also recognized reimbursement of utility payments from the two lessees of \$2,111 in 2023 and \$1,893 in 2022.

Minimum future rental income to be received on the noncancelable operating leases as of June 30, 2023 for each of the next five years and in the aggregate are:

Fiscal years ending June 30	
2024	\$ 31,104
2025 and thereafter	<u>23,328</u>
Total	<u>\$ 54,432</u>

The Society also leases portions of the museum to the public throughout the year for various events. Revenue under these cancelable leases totaled \$32,382 in 2023 and \$27,031 in 2022.

15. RETIREMENT PLAN

The Society sponsors a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers all employees who receive at least \$5,000 in compensation per year. The Society matches an amount equal to an employee’s salary reduction contributions up to a limit of 3% of the employee’s compensation. Expense recognized under the plan was \$4,987 for 2023 and \$5,166 for 2022.

16. ADVERTISING COSTS

Advertising costs are charged to operations as incurred and totaled \$20,909 for 2023 and \$13,131 for 2022.

17. STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the statement of financial position that sum to the same such amounts shown in the statement of cash flows.

	2023	2022
Cash and cash equivalents	\$ 390,158	\$ 649,103
Cash restricted for capital improvements	<u>-</u>	<u>453,001</u>
Total cash, cash equivalents and restricted cash	<u>\$ 390,158</u>	<u>\$ 1,102,104</u>

18. RISKS AND UNCERTAINTIES

Investments are exposed to various risks and rewards, such as interest rate, market, and credit risks. Due to these risks and rewards associated with certain investments, it is possible that changes in the values of investments may occur and that such changes could affect the amounts reported on the statement of financial position.

19. AVAILABILITY AND LIQUIDITY

The following represents Allen County - Fort Wayne Historical Society, Inc.'s financial assets:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 390,158	\$ 649,103
Contributions receivable	96,500	139,800
Accounts receivables	12,010	4,823
Investments	770,104	358,215
Beneficial interest	114,677	110,229
Cash restricted to for capital improvements	<u>-</u>	<u>453,001</u>
Total financial assets	1,383,449	1,715,171

(continued)

19. AVAILABILITY AND LIQUIDITY (continued)

	2023	2022
Less net assets not available within one year:		
Net assets with donor restrictions:		
Future periods – greater than one year	\$ -	\$ (23,100)
Specific purpose	(148,880)	(538,140)
Permanent endowment	(339,293)	(339,293)
Unappropriated endowment earnings	(56,177)	(43,065)
Board designated	<u>(425,713)</u>	<u>(391,078)</u>
Total assets not available within one year	<u>(970,063)</u>	<u>(1,334,676)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 413,386</u>	<u>\$ 380,495</u>

In addition to financial assets available to meet general expenditures over the next year, the Society receives admission fees throughout the year that support its general operations. The Society also has a \$50,000 line of credit that may be utilized as needed.

Additionally, the Society has net assets without donor restrictions that have been designated by the board. While the board does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

