

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

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2024 with
Summarized Information for June 30, 2023**

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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, 2024, and the related consolidated statements of activities, functional expenses, and 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, 2024, 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.

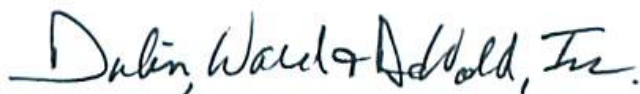
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Fort Wayne, Indiana
February 3, 2025

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024 with Summarized Information for June 30, 2023**

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 413,656	\$ 390,158
Contributions receivable - net	38,000	96,500
Accounts receivable	8,907	12,010
Inventories	18,091	17,621
Prepaid expenses	4,452	6,104
Investments	858,604	770,104
Beneficial interest	122,649	114,677
Operating lease right-of-use assets	3,980	4,904
Land, building and equipment - net	4,773,830	4,851,521
Historical collections	-	-
	<hr/>	<hr/>
Total Assets	\$ 6,242,169	\$ 6,263,599
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 4,829	\$ 32,316
Accrued expenses	8,353	8,933
Deferred memberships	16,289	13,376
Refundable advance	12,303	23,400
Operating lease liabilities	3,980	4,904
	<hr/>	<hr/>
Total Liabilities	45,754	82,929
Net assets:		
Without donor restriction	5,574,543	5,573,320
With donor restriction	621,872	607,350
	<hr/>	<hr/>
Total Net Assets	6,196,415	6,180,670
	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Net Assets	\$ 6,242,169	\$ 6,263,599
	<hr/> <hr/>	<hr/> <hr/>

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, 2024 with Summarized
Information for the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	2024 Total	2023 Total
CHANGES IN NET ASSETS				
Support, Revenues and Gains				
Contributions and grants	\$ 473,162	\$ 121,250	\$ 594,412	\$ 561,763
Special events:				
Proceeds	74,614	-	74,614	64,156
Less direct benefit to donors	(8,540)	-	(8,540)	(2,220)
Memberships	20,592	-	20,592	24,466
Admissions	14,204	-	14,204	14,348
Gift shop sales - net of cost of goods sold of \$5,383 (2024) and \$1,973 (2023)	(1,268)	-	(1,268)	3,302
Rent income	63,093	-	63,093	63,965
Other income	1,715	-	1,715	2,236
Investment income - net	17,829	6,955	24,784	13,124
Gain on investments	1,439	30,588	32,027	18,396
Gain on beneficial interest	7,693	2,158	9,851	6,542
Net Assets Released From Restrictions	146,429	(146,429)	-	-
Total Support, Revenues and Gains	810,962	14,522	825,484	770,078
Expenses:				
Museum	556,199	-	556,199	496,827
Gift shop	29,769	-	29,769	32,076
Management and general	173,719	-	173,719	168,098
Fundraising	50,052	-	50,052	52,276
Total Expenses	809,739	-	809,739	749,277
CHANGE IN NET ASSETS	1,223	14,522	15,745	20,801
NET ASSETS - beginning of year	5,573,320	607,350	6,180,670	6,159,869
NET ASSETS - end of year	\$ 5,574,543	\$ 621,872	\$ 6,196,415	\$ 6,180,670

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, 2024 with Summarized
Information for the Year Ended June 30, 2023

	Museum	Gift Shop	Management and General
Salaries	\$ 183,514	\$ 25,541	\$ 54,088
Employee benefits	26,254	-	4,275
Payroll taxes	13,328	1,954	3,770
	223,096	27,495	62,133
Total Salaries and Related Expenses			
Occupancy	120,643	-	24,052
Printing and publications	25,151	-	1,238
Insurance	18,184	161	7,205
Legal and accounting	-	-	19,370
Supplies	-	-	7,636
Advertising and promotion	4,581	-	600
Telephone and internet	2,789	-	4,545
Exhibits	6,485	-	-
Postage and shipping	4,492	-	1,162
Equipment rent and maintenance	-	-	2,027
Educational programs	5,315	-	-
Other expenses	-	-	4,199
Credit card fees	-	1,964	-
Contracted labor	2,275	-	-
Payroll service fees	1,066	149	583
Dues and subscriptions	289	-	1,269
Bank and filing fees	-	-	313
Travel and entertainment	-	-	287
Conferences, conventions and meetings	-	-	77
	414,366	29,769	136,696
Total Expenses Before Depreciation			
Depreciation	141,833	-	37,023
	556,199	29,769	173,719
Statement of Activities Functional Expenses			
Expenses included in support and revenue:			
Direct benefit to donors	-	-	-
Cost of goods sold	-	5,383	-
	556,199	35,152	173,719
Total Functional Expenses	\$ 556,199	\$ 35,152	\$ 173,719

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

Fundraising	2024 Total	2023 Total
\$ 28,991	\$ 292,134	\$ 282,644
1,425	31,954	23,844
2,101	21,153	21,465
<hr/>	<hr/>	<hr/>
32,517	345,241	327,953
-	144,695	133,999
3,243	29,632	20,585
182	25,732	23,229
-	19,370	18,640
5,193	12,829	14,001
2,637	7,818	8,873
-	7,334	5,197
-	6,485	16,510
623	6,277	5,912
3,431	5,458	3,555
-	5,315	3,976
913	5,112	11,026
1,144	3,108	2,083
-	2,275	4,552
169	1,967	1,621
-	1,558	1,057
-	313	286
-	287	123
-	77	34
<hr/>	<hr/>	<hr/>
50,052	630,883	603,212
<hr/>	<hr/>	<hr/>
-	178,856	146,065
<hr/>	<hr/>	<hr/>
50,052	809,739	749,277
8,540	8,540	2,220
-	5,383	1,973
<hr/>	<hr/>	<hr/>
<u>\$ 58,592</u>	<u>\$ 823,662</u>	<u>\$ 753,470</u>

**ALLEN COUNTY - FORT WAYNE HISTORICAL SOCIETY, INC.
AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended June 30, 2024 with Summarized
Information for the Year Ended June 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,745	\$ 20,801
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Contributions restricted for long term purposes	(50,000)	(36,243)
Increase (decrease) in present value discount	(1,500)	(3,700)
Reinvested interest - net	(21,665)	(10,328)
Reinvested interest in beneficial interest - net	(3,111)	(2,756)
(Gain) loss on investments	(32,027)	(18,396)
(Gain) loss on beneficial interest	(9,851)	(6,542)
Depreciation	178,856	146,065
Change in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	60,000	47,000
Accounts receivable	3,103	(7,187)
Inventories	(470)	3,343
Prepaid expenses	1,652	(1,238)
Increase (decrease) in:		
Accounts payable	(27,487)	27,058
Accrued expenses	(580)	2,079
Deferred memberships	2,913	(937)
Refundable advance	(11,097)	23,400
Cash Flows From Operating Activities	104,481	182,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(50,000)	(603,124)
Distributions from investments	15,192	219,959
Distributions from beneficial interest	4,990	4,850
Purchase of land, building and equipment	(101,165)	(552,293)
Cash Flows From Investing Activities	(130,983)	(930,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long term purposes	50,000	36,243
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,498	(711,946)
CASH AND CASH EQUIVALENTS - beginning of year	390,158	1,102,104
CASH AND CASH EQUIVALENTS - end of year	\$ 413,656	\$ 390,158

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, 2024 and 2023

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 2024, the Society adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The ASU and its related amendments replace the previous expected credit loss methodology with a new incurred loss methodology. The new standard applies to financial instruments including, but not limited to, trade receivables. Under the new standard, organizations must consider historical information, current conditions and a reasonable forecast period when estimating credit loss. The adoption of the standard had no material impact on the Society's financial statements.

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.

(continued)

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

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.

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.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which the Society has an unconditional right to receive. Based on management's assessment of the credit history with payees having outstanding balances and current relationships with them, it has been concluded that credit losses on balances outstanding at year-end will be immaterial.

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.

(continued)

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

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.

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.

(continued)

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

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.

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, 2023, from which the summarized information was derived.

(continued)

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

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 3, 2025 the date which the financial statements were available for issue.

2. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of the following:

	2024	2023
Contributions receivable	\$ 38,000	\$ 98,000
Less unamortized present value discount (2.36%)	<u>-</u>	<u>1,500</u>
Net contributions receivable	<u>\$ 38,000</u>	<u>\$ 96,500</u>
Amounts due in:		
Less than one year	\$ 38,000	\$ 63,000
One to five years	-	35,000
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 38,000</u>	<u>\$ 98,000</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, 2024. Total reimbursements as of June 30, 2024 were \$467,036.

3. BENEFICIAL INTEREST

The beneficial interest of \$122,649 at June 30, 2024 and \$114,677 at June 30, 2023 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.

Additionally, the Foundation holds other investment assets, with a value of \$58,068 at June 30, 2024 and \$54,023 at June 30, 2023, 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:

	2024	2023
Investments		
Equities:		
Exchange traded funds	\$ 171,152	\$ 135,154
Mutual funds	91,763	98,432
Fixed income:		
Certificates of deposit	413,932	298,478
Mutual funds	126,767	18,222
Exchange traded funds	<u>42,739</u>	<u>119,179</u>
	846,353	669,465
Cash and cash equivalents	<u>12,251</u>	<u>100,639</u>
	<u>\$ 858,604</u>	<u>\$ 770,104</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:

(continued)

5. FAIR VALUE MEASUREMENT (continued)

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.

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, 2024 are as follows:

	Level 1	Level 3
Investments		
Equities:		
Exchange traded funds	\$ 171,152	\$ -
Mutual funds	91,763	-
Fixed income:		
Certificates of deposit	413,932	-
Mutual funds	126,767	-
Exchange traded funds	42,739	-
Beneficial interest	<u>-</u>	<u>122,649</u>
	<u>\$ 846,353</u>	<u>\$ 122,649</u>

(continued)

5. FAIR VALUE MEASUREMENT (continued)

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

	Level 1	Level 3
Investments		
Equities:		
Exchange traded funds	\$ 135,154	\$ -
Mutual 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>

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:

	2024	2023
Beginning balance – beginning of year	\$ 114,677	\$ 110,229
Total gains and losses included in change in net assets:		
Interest and dividends	3,709	3,329
Unrealized gain (loss)	5,894	4,842
Realized gain (loss)	3,957	1,700
Contributions	-	-
Investment fees	(598)	(573)
Distributions	<u>(4,990)</u>	<u>(4,850)</u>
Ending balance – end of year	<u>\$ 122,649</u>	<u>\$ 114,677</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.

	2024	2023
Assets:		
Operating lease right-of-use assets	\$ <u>3,980</u>	\$ <u>4,904</u>
Liabilities:		
Operating lease liabilities	\$ <u>3,980</u>	\$ <u>4,904</u>

The Society leases equipment under an operating lease expiring in fiscal year 2028. Total rental expense under these leases was \$1,200 for 2024 and \$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, 2024 for each of the next five years and in the aggregate are:

2025	\$ 1,200
2026	1,200
2027	1,200
2028	700
2029	-
2030 and thereafter	<u>-</u>
	4,300
Less imputed interest	<u>320</u>
Operating lease liabilities	\$ <u>3,980</u>
Weighted average remaining lease term	3.50 years
Weighted average discount rate	4.60%

7. LAND, BUILDING AND EQUIPMENT

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

	2024	2023
Building improvements	\$ 3,744,009	\$ 3,645,220
Building - offsite storage	311,781	311,781
Furniture and equipment	166,475	164,099
Website	<u>7,860</u>	<u>7,860</u>
	4,230,125	4,128,960
Less accumulated depreciation	<u>2,632,491</u>	<u>2,453,635</u>
	1,597,634	1,675,325
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>\$ 4,773,830</u>	<u>\$ 4,851,521</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 10.50% at June 30, 2024. No amount was outstanding under the line at June 30, 2024 or June 30, 2023.

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)

	2024	2023
Deferred revenue – beginning of year	\$ 13,376	\$ 14,313
Revenue recognized during the year for performance obligations satisfied in the year	(13,376)	(14,313)
Cash received for future performance obligations	<u>16,289</u>	<u>13,376</u>
Deferred revenue – end of year	<u>\$ 16,289</u>	<u>\$ 13,376</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, 2024 and 2023, a portion of the grant had been received but expenses have not been incurred, as such the amount received and not expended has been recorded as a refundable advance on the statement of financial position.

	2024	2023
U.S. Department of the Treasury: Passed through the City of Fort Wayne: Coronavirus State and Local Fiscal Recovery Funds Assistance Listing # 21.027	\$ 12,303	\$ 23,400

11. NET ASSETS

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

	2024	2023
Time:		
Future periods – due in one year	\$ 38,000	\$ 63,000
Specific purpose:		
Exhibits	110,557	144,057
School transportation fund	4,430	4,823

(continued)

11. NET ASSETS (continued)

	2024	2023
Endowment:		
Permanent endowment	\$ 370,285	\$ 320,285
90 th anniversary endowment fund	19,008	19,008
Unappropriated endowment earnings	<u>79,592</u>	<u>56,177</u>
	<u>\$ 621,872</u>	<u>\$ 607,350</u>

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

	2024	2023
Satisfaction of time restrictions:		
Future periods	\$ 58,000	\$ 68,000
Satisfaction of purpose restrictions:		
Exhibits	71,750	425,687
School transportation fund	393	616
Mather lecture series	-	5,000
Chief Richardville House	-	1,000
Appropriation of endowment earnings - operations	<u>16,286</u>	<u>16,160</u>
	<u>\$ 146,429</u>	<u>\$ 516,463</u>

Net assets without donor restrictions are as follows:

	2024	2023
Board designated – improvement fund	\$ 297,087	\$ 251,535
Board designated – unexpected expenses	234,500	144,500
Board designated – collections fund	4,678	4,678
Board designated – exhibits	<u>-</u>	<u>25,000</u>
	536,265	425,713
Undesignated	<u>5,038,278</u>	<u>5,147,607</u>
	<u>\$ 5,574,543</u>	<u>\$ 5,573,320</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 and the Heritage Education Fund program expenses. 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:

	2024	2023
Endowment net assets with donor restrictions:		
Original donor restricted gift amount required to be maintained in perpetuity by donor	\$ 389,293	\$ 339,293
Unappropriated earnings		
Total endowment funds with donor restrictions	<u>79,592</u>	<u>56,177</u>
Total funds	<u>\$ 468,885</u>	<u>\$ 395,470</u>

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

	2024	2023
	With Donor Restriction	
Endowment net assets - beginning of year	\$ 395,470	\$ 382,358
Contributions	50,000	-
Investment return:		
Investment income	11,604	12,359
Unrealized gain (loss)	44,391	56,556
Realized gain (loss)	(11,645)	(35,206)
Fees	<u>(4,649)</u>	<u>(4,437)</u>
Total investment return	39,701	29,272
Appropriation of endowment assets for expenditure	<u>(16,286)</u>	<u>(16,160)</u>
Endowment net assets - end of year	<u>\$ 468,885</u>	<u>\$ 395,470</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.

Underwater 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 or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist as of June 30, 2024 as the original gift value of \$50,000 has a fair value of \$49,968 and a deficiency of \$32. This deficiency resulted from unfavorable market fluctuations during the year.

13. 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 \$31,104 in 2024 and \$29,472 in 2023.

The Society also recognized reimbursement of utility payments from the two lessees of \$2,590 in 2024 and \$2,111 in 2023.

Minimum future rental income to be received on the noncancelable operating leases as of June 30, 2024 for each of the next five years and in the aggregate are:

Fiscal years ending June 30	
2025	\$ 23,328
2026 and thereafter	<u>-</u>
Total	<u>\$ 23,328</u>

The Society also leases portions of the museum to the public throughout the year for various events. Revenue under these cancelable leases totaled \$29,399 in 2024 and \$32,382 in 2023.

14. 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 \$4,447 for 2024 and \$4,987 for 2023.

15. ADVERTISING COSTS

Advertising costs are charged to operations as incurred and totaled \$7,818 for 2024 and \$8,873 for 2023.

16. COMMITMENTS

During 2024, the Society entered into a contract for temperature control update in the amount of \$17,753. As of June 30, 2024, no amount was paid on the contract.

17. 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.

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of June 30, 2024, deposits in excess of the insured amount totaled \$3,630.

18. AVAILABILITY AND LIQUIDITY

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

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 413,656	\$ 390,158
Contributions receivable	38,000	96,500
Accounts receivables	8,907	12,010
Investments	858,604	770,104
Beneficial interest	<u>122,649</u>	<u>114,677</u>
Total financial assets	1,441,816	1,383,449
Less net assets not available within one year:		
Net assets with donor restrictions:		
Specific purpose	(114,987)	(148,880)
Permanent endowment	(389,293)	(339,293)
Unappropriated endowment earnings	(79,592)	(56,177)
Board designated	<u>(536,265)</u>	<u>(425,713)</u>
Total assets not available within one year	<u>(1,120,137)</u>	<u>(970,063)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 321,679</u>	<u>\$ 413,386</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.