



NEW ENGLAND HISTORIC
GENEALOGICAL SOCIETY

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FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

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August 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Trustees of
New England Historic Genealogical Society:

Report on the Financial Statements

We have audited the accompanying financial statements of New England Historic Genealogical Society (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New England Historic Genealogical Society as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AAFCPAs, Inc.

Westborough, Massachusetts
January 25, 2022

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Financial Position
August 31, 2021

Assets	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Current Assets:					
Cash	\$ 333,444	\$ -	\$ 333,444	\$ -	\$ 333,444
Accounts receivable	70,002	-	70,002	-	70,002
Current portion of pledges receivable, net	-	-	-	1,795,602	1,795,602
Inventory	359,946	-	359,946	-	359,946
Books in process	336,840	-	336,840	-	336,840
Prepaid expenses	94,419	-	94,419	-	94,419
Total current assets	1,194,651	-	1,194,651	1,795,602	2,990,253
Pledges Receivable, net of current portion, discount and allowance	-	-	-	8,365,971	8,365,971
Investments	6,969,877	8,365,255	15,335,132	29,283,663	44,618,795
Property and Equipment, net	9,636,344	-	9,636,344	-	9,636,344
Books and Collections	2,434,671	-	2,434,671	-	2,434,671
Total assets	<u>\$ 20,235,543</u>	<u>\$ 8,365,255</u>	<u>\$ 28,600,798</u>	<u>\$ 39,445,236</u>	<u>\$ 68,046,034</u>
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,596,505	\$ -	\$ 1,596,505	\$ -	\$ 1,596,505
Deferred revenue	1,461,006	-	1,461,006	-	1,461,006
Current portion of annuity payable	63,953	-	63,953	-	63,953
Current portion of accrued retirement	50,000	-	50,000	-	50,000
Total current liabilities	3,171,464	-	3,171,464	-	3,171,464
Annuity Payable, net of current portion	321,958	-	321,958	-	321,958
Accrued Retirement, net of current portion	1,019,406	-	1,019,406	-	1,019,406
Total liabilities	<u>4,512,828</u>	<u>-</u>	<u>4,512,828</u>	<u>-</u>	<u>4,512,828</u>
Net Assets:					
Without donor restrictions:					
Operating	3,651,700	-	3,651,700	-	3,651,700
Property and equipment and books and collections	12,071,015	-	12,071,015	-	12,071,015
Board designated	-	8,365,255	8,365,255	-	8,365,255
Total without donor restrictions	15,722,715	8,365,255	24,087,970	-	24,087,970
With donor restrictions	-	-	-	39,445,236	39,445,236
Total net assets	<u>15,722,715</u>	<u>8,365,255</u>	<u>24,087,970</u>	<u>39,445,236</u>	<u>63,533,206</u>
Total liabilities and net assets	<u>\$ 20,235,543</u>	<u>\$ 8,365,255</u>	<u>\$ 28,600,798</u>	<u>\$ 39,445,236</u>	<u>\$ 68,046,034</u>

The accompanying notes are an integral part of these statements.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

 Statement of Financial Position
 August 31, 2020

Assets	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Current Assets:					
Cash	\$ 303,836	\$ -	\$ 303,836	\$ -	\$ 303,836
Accounts receivable	99,996	-	99,996	-	99,996
Current portion of pledges receivable, net	-	-	-	2,887,206	2,887,206
Inventory	505,650	-	505,650	-	505,650
Books in process	345,184	-	345,184	-	345,184
Prepaid expenses	137,948	-	137,948	-	137,948
Total current assets	1,392,614	-	1,392,614	2,887,206	4,279,820
Pledges Receivable, net of current portion, discount and allowance	-	-	-	7,475,399	7,475,399
Investments	5,249,587	6,268,683	11,518,270	23,966,423	35,484,693
Property and Equipment, net	9,634,205	-	9,634,205	-	9,634,205
Books and Collections	2,434,671	-	2,434,671	-	2,434,671
Total assets	<u>\$ 18,711,077</u>	<u>\$ 6,268,683</u>	<u>\$ 24,979,760</u>	<u>\$ 34,329,028</u>	<u>\$ 59,308,788</u>
Liabilities and Net Assets					
Current Liabilities:					
Note payable to a bank	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000
Accounts payable and accrued expenses	1,301,759	-	1,301,759	-	1,301,759
Deferred revenue	1,435,966	-	1,435,966	-	1,435,966
Current portion of annuity payable	84,576	-	84,576	-	84,576
Current portion of accrued retirement	50,000	-	50,000	-	50,000
Total current liabilities	3,372,301	-	3,372,301	-	3,372,301
Annuity Payable, net of current portion	426,764	-	426,764	-	426,764
Accrued Retirement, net of current portion	892,640	-	892,640	-	892,640
Total liabilities	<u>4,691,705</u>	<u>-</u>	<u>4,691,705</u>	<u>-</u>	<u>4,691,705</u>
Net Assets:					
Without donor restrictions:					
Operating	1,950,496	-	1,950,496	-	1,950,496
Property and equipment and books and collections	12,068,876	-	12,068,876	-	12,068,876
Board designated	-	6,268,683	6,268,683	-	6,268,683
Total without donor restrictions	14,019,372	6,268,683	20,288,055	-	20,288,055
With donor restrictions	-	-	-	34,329,028	34,329,028
Total net assets	<u>14,019,372</u>	<u>6,268,683</u>	<u>20,288,055</u>	<u>34,329,028</u>	<u>54,617,083</u>
Total liabilities and net assets	<u>\$ 18,711,077</u>	<u>\$ 6,268,683</u>	<u>\$ 24,979,760</u>	<u>\$ 34,329,028</u>	<u>\$ 59,308,788</u>

The accompanying notes are an integral part of these statements.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Activities

For the Year Ended August 31, 2021

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Operating Revenue and Support:					
Earned income:					
Sales of books and merchandise	\$ 372,222	\$ -	\$ 372,222	\$ -	\$ 372,222
Less - cost of goods sold	240,693	-	240,693	-	240,693
Net sales of books and merchandise	131,529	-	131,529	-	131,529
Membership dues	2,521,182	-	2,521,182	-	2,521,182
Seminar and other program income	1,063,777	-	1,063,777	-	1,063,777
Library fees and admissions	670,894	-	670,894	-	670,894
Total earned income	4,387,382	-	4,387,382	-	4,387,382
Support:					
Grants and contributions	1,802,665	300,000	2,102,665	6,721,244	8,823,909
Investment return designated for current operations	1,080,516	-	1,080,516	-	1,080,516
Change in value of split-interest agreements	-	-	-	(104,569)	(104,569)
Net assets released from restrictions:					
Satisfaction of program restrictions	2,106,896	-	2,106,896	(2,106,896)	-
Satisfaction of time restrictions	2,091,768	1,093,536	3,185,304	(3,185,304)	-
Satisfaction of Board designations	775,000	(775,000)	-	-	-
Total support	7,856,845	618,536	8,475,381	1,324,475	9,799,856
Total operating revenue and support	12,244,227	618,536	12,862,763	1,324,475	14,187,238
Operating Expenses:					
Program services:					
Member services	907,634	-	907,634	-	907,634
Research library	2,452,611	-	2,452,611	-	2,452,611
Tours and seminars	761,389	-	761,389	-	761,389
Retail store	163,488	-	163,488	-	163,488
Publications	2,317,431	-	2,317,431	-	2,317,431
Website	1,902,900	-	1,902,900	-	1,902,900
Total program services	8,505,453	-	8,505,453	-	8,505,453
Supporting services:					
General and administrative	1,821,140	-	1,821,140	-	1,821,140
Fundraising	1,614,935	-	1,614,935	-	1,614,935
Total supporting services	3,436,075	-	3,436,075	-	3,436,075
Total operating expenses	11,941,528	-	11,941,528	-	11,941,528
Changes in net assets from operations	302,699	618,536	921,235	1,324,475	2,245,710
Non-Operating Revenue:					
Investment return	1,400,644	1,478,036	2,878,680	4,804,239	7,682,919
Endowment contributions	-	-	-	68,010	68,010
Investment return designated for current operations	-	-	-	(1,080,516)	(1,080,516)
Total non-operating revenue	1,400,644	1,478,036	2,878,680	3,791,733	6,670,413
Changes in net assets	\$ 1,703,343	\$ 2,096,572	\$ 3,799,915	\$ 5,116,208	\$ 8,916,123

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Activities

For the Year Ended August 31, 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Operating Revenue and Support:					
Earned income:					
Sales of books and merchandise	\$ 462,548	\$ -	\$ 462,548	\$ -	\$ 462,548
Less - cost of goods sold	219,697	-	219,697	-	219,697
Net sales of books and merchandise	242,851	-	242,851	-	242,851
Membership dues	2,408,233	-	2,408,233	-	2,408,233
Seminar and other program income	935,024	-	935,024	-	935,024
Library fees and admissions	904,854	-	904,854	-	904,854
Total earned income	4,490,962	-	4,490,962	-	4,490,962
Support:					
Grants and contributions	2,716,428	25,161	2,741,589	3,778,605	6,520,194
Investment return designated for current operations	1,111,944	-	1,111,944	-	1,111,944
Change in value of split-interest agreements	-	-	-	(80,033)	(80,033)
Net assets released from restrictions:					
Satisfaction of program restrictions	1,358,916	-	1,358,916	(1,358,916)	-
Satisfaction of time restriction	1,601,176	433,802	2,034,978	(2,034,978)	-
Satisfaction of Board designation	775,000	(775,000)	-	-	-
Total support	7,563,464	(316,037)	7,247,427	304,678	7,552,105
Total operating revenue and support	12,054,426	(316,037)	11,738,389	304,678	12,043,067
Operating Expenses:					
Program services:					
Member services	1,081,780	-	1,081,780	-	1,081,780
Research library	3,123,693	-	3,123,693	-	3,123,693
Tours and seminars	829,705	-	829,705	-	829,705
Retail store	248,187	-	248,187	-	248,187
Publications	1,980,741	-	1,980,741	-	1,980,741
Website	1,551,431	-	1,551,431	-	1,551,431
Total program services	8,815,537	-	8,815,537	-	8,815,537
Supporting services:					
General and administrative	2,100,138	-	2,100,138	-	2,100,138
Fundraising	1,822,732	-	1,822,732	-	1,822,732
Total supporting services	3,922,870	-	3,922,870	-	3,922,870
Total operating expenses	12,738,407	-	12,738,407	-	12,738,407
Changes in net assets from operations	(683,981)	(316,037)	(1,000,018)	304,678	(695,340)
Non-Operating Revenue:					
Investment return	729,530	706,580	1,436,110	2,997,663	4,433,773
Endowment contributions	-	-	-	32,437	32,437
Investment return designated for current operations	-	-	-	(1,111,944)	(1,111,944)
Net assets released from capital restrictions	345,778	-	345,778	(345,778)	-
Total non-operating revenue	1,075,308	706,580	1,781,888	1,572,378	3,354,266
Changes in net assets	\$ 391,327	\$ 390,543	\$ 781,870	\$ 1,877,056	\$ 2,658,926

The accompanying notes are an integral part of these statements.

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NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statements of Changes in Net Assets

For the Years Ended August 31, 2021 and 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Net Assets, August 31, 2019	\$ 13,628,045	\$ 5,878,140	\$ 19,506,185	\$ 32,451,972	\$ 51,958,157
Changes in net assets	<u>391,327</u>	<u>390,543</u>	<u>781,870</u>	<u>1,877,056</u>	<u>2,658,926</u>
Net Assets, August 31, 2020	14,019,372	6,268,683	20,288,055	34,329,028	54,617,083
Changes in net assets	<u>1,703,343</u>	<u>2,096,572</u>	<u>3,799,915</u>	<u>5,116,208</u>	<u>8,916,123</u>
Net Assets, August 31, 2021	<u>\$ 15,722,715</u>	<u>\$ 8,365,255</u>	<u>\$ 24,087,970</u>	<u>\$ 39,445,236</u>	<u>\$ 63,533,206</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statements of Cash Flows

For the Years Ended August 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	\$ 8,916,123	\$ 2,658,926
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Endowment contributions	(68,010)	(32,437)
Change in reserve for uncollectible pledges receivable	40,924	(39,670)
Change in discount of pledges receivable	153,462	(265,556)
Depreciation	670,868	565,538
Bad debt	57,705	94,743
Change in value of split-interest agreements	104,569	80,033
Net realized and unrealized gains	(7,332,624)	(4,046,888)
Changes in operating assets and liabilities:		
Accounts receivable	29,994	(2,917)
Pledges receivable	(3,089,868)	(717,523)
Inventory	145,704	(116,816)
Books in process	8,344	(142,512)
Prepaid expenses	43,529	65,726
Accounts payable and accrued expenses	294,746	229,651
Deferred revenue	25,040	47,334
Annuity payable	(125,429)	31,775
Accrued retirement	126,766	83,353
Net cash provided by (used in) operating activities	27,733	(1,507,240)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(698,897)	(626,908)
Purchase of investments	(5,720,657)	(2,203,345)
Proceeds from sale of investments	3,919,179	3,821,555
Net cash provided by (used in) investing activities	(2,500,375)	991,302
Cash Flows from Financing Activities:		
Collection of capital contributions	2,946,802	830,138
Collection of endowment contributions	55,448	30,571
Principal payments on note payable to a bank, net	(500,000)	(212,500)
Net cash provided by financing activities	2,502,250	648,209
Net Change in Cash	29,608	132,271
Cash:		
Beginning of year	303,836	171,565
End of year	\$ 333,444	\$ 303,836
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 10,347	\$ 38,626
Construction in process placed into service	\$ -	\$ 103,447

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Functional Expenses
For the Year Ended August 31, 2021

	Program Services						Supporting Services				
	Member Services	Research Library	Tours and Seminars	Retail Store	Publications	Website	Total Program Services	General and Adminis- trative	Central Facility	Fundraising	Total
Payroll and Related:											
Salaries	\$ 425,374	\$ 1,315,349	\$ 425,993	\$ 13,356	\$ 1,075,879	\$ 647,803	\$ 3,903,754	\$ 1,175,628	\$ 320,863	\$ 927,108	\$ 6,327,353
Payroll taxes and fringe benefits	130,518	401,441	129,927	4,074	328,109	197,540	1,191,609	24,971	99,435	299,776	1,615,791
Total payroll and related	555,892	1,716,790	555,920	17,430	1,403,988	845,343	5,095,363	1,200,599	420,298	1,226,884	7,943,144
Other:											
Professional services	103,397	32,601	7,838	14,108	10,530	407,638	576,112	123,624	154,395	138,875	993,006
Printing and postage	49,087	11,121	196	35,720	459,870	1	555,995	31,251	15,927	104,251	707,424
Depreciation	1,187	1,680	-	-	-	297,321	300,188	-	370,680	-	670,868
Repairs and maintenance	-	1,439	-	-	-	-	1,439	42,001	444,769	-	488,209
Cost of goods sold	-	-	-	191,607	49,086	-	240,693	-	-	-	240,693
Utilities	-	-	-	-	-	-	-	-	190,953	-	190,953
Contracted services	-	51,337	-	23,224	10,499	-	85,060	8,038	56,233	-	149,331
Office supplies	129	39,883	-	-	263	-	40,275	3,354	65,068	11,102	119,799
Telephone	-	-	-	-	-	-	-	8,526	98,641	-	107,167
Insurance	-	-	-	-	-	-	-	-	92,961	-	92,961
Occupancy	-	26,559	-	34,526	-	-	61,085	-	20,528	-	81,613
Travel	-	1,105	36,217	-	2,641	-	39,963	12,986	120	27,611	80,680
Miscellaneous	1,623	2,830	-	-	-	2,157	6,610	58,311	-	1,634	66,555
Conferences and meetings	19,416	6,668	21,000	-	1,186	-	48,270	3,789	97	5,765	57,921
Bad debt	-	42,875	-	8,372	-	-	51,247	6,458	-	-	57,705
Program supplies	-	56,958	-	-	6	-	56,964	299	-	-	57,263
Dues and subscriptions	-	5,614	-	-	1,647	-	7,261	28,208	-	-	35,469
Property taxes	-	-	-	-	-	-	-	-	16,951	-	16,951
Advertising	9,752	700	-	-	20	-	10,472	-	-	915	11,387
Interest	-	-	-	-	-	-	-	-	10,347	-	10,347
Content acquisition	-	2,775	-	-	-	-	2,775	-	-	-	2,775
Total other	184,591	284,145	65,251	307,557	535,748	707,117	2,084,409	326,845	1,537,670	290,153	4,239,077
Total expenses before central facility allocation and cost of goods sold	740,483	2,000,935	621,171	324,987	1,939,736	1,552,460	7,179,772	1,527,444	1,957,968	1,517,037	12,182,221
Central Facility Allocation	167,151	451,676	140,218	30,108	426,781	350,440	1,566,374	293,696	(1,957,968)	97,898	-
Less - cost of goods sold included with revenues on the statement of activities	-	-	-	(191,607)	(49,086)	-	(240,693)	-	-	-	(240,693)
Total expenses	\$ 907,634	\$ 2,452,611	\$ 761,389	\$ 163,488	\$ 2,317,431	\$ 1,902,900	\$ 8,505,453	\$ 1,821,140	\$ -	\$ 1,614,935	\$ 11,941,528

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Functional Expenses
For the Year Ended August 31, 2020

	Program Services						Supporting Services				Total
	Member Services	Research Library	Tours and Seminars	Retail Store	Publications	Website	Total Program Services	General and Adminis- trative	Central Facility	Fundraising	
Payroll and Related:											
Salaries	\$ 476,014	\$ 1,745,241	\$ 336,745	\$ 61,160	\$ 1,021,018	\$ 554,226	\$ 4,194,404	\$ 1,076,553	\$ 354,301	\$ 1,068,279	\$ 6,693,537
Payroll taxes and fringe benefits	144,891	528,984	102,707	18,735	311,737	169,094	1,276,148	113,848	106,519	314,357	1,810,872
Total payroll and related	620,905	2,274,225	439,452	79,895	1,332,755	723,320	5,470,552	1,190,401	460,820	1,382,636	8,504,409
Other:											
Professional services	93,359	35,188	3,043	17,525	8,172	334,855	492,142	129,308	147,026	152,627	921,103
Printing and postage	41,057	10,875	4,553	39,641	252,313	126	348,565	86,351	27,385	127,372	589,673
Depreciation	1,187	3,054	-	-	-	201,032	205,273	-	360,265	-	565,538
Repairs and maintenance	-	-	-	-	-	-	-	53,987	331,136	-	385,123
Cost of goods sold	-	-	-	157,791	61,906	-	219,697	-	-	-	219,697
Utilities	-	-	-	-	-	-	-	-	207,637	-	207,637
Contracted services	-	34,441	-	37,248	15,417	1,740	88,846	109,816	115,139	-	313,801
Office supplies	927	39,043	11,502	180	1,222	407	53,281	2,865	85,339	1,902	143,387
Telephone	-	-	-	-	-	-	-	7,643	109,347	-	116,990
Insurance	-	-	-	-	-	-	-	-	92,983	-	92,983
Occupancy	-	29,024	-	27,870	-	-	56,894	-	13,735	-	70,629
Travel	222	1,035	197,104	-	1,288	625	200,274	28,593	1,013	33,666	263,546
Miscellaneous	-	5,778	-	17	-	226	6,021	59,550	-	4,555	70,126
Conferences and meetings	103,964	3,160	20,901	-	1,453	231	129,709	18,550	25	11,776	160,060
Bad debt	-	28,963	-	-	-	-	28,963	65,780	-	-	94,743
Program supplies	-	65,789	-	-	271	-	66,060	5,114	-	832	72,006
Dues and subscriptions	-	7,966	-	-	2,177	-	10,143	37,076	-	576	47,795
Property taxes	-	-	-	-	-	-	-	-	43,534	-	43,534
Advertising	20,480	1,747	-	-	60	-	22,287	-	-	5,089	27,376
Interest	-	-	-	-	-	-	-	-	38,626	-	38,626
Content acquisition	-	6,822	-	-	-	2,500	9,322	-	-	-	9,322
Total other	261,196	272,885	237,103	280,272	344,279	541,742	1,937,477	604,633	1,573,190	338,395	4,453,695
Total expenses before central facility allocation and cost of goods sold	882,101	2,547,110	676,555	360,167	1,677,034	1,265,062	7,408,029	1,795,034	2,034,010	1,721,031	12,958,104
Central Facility Allocation	199,679	576,583	153,150	45,811	365,613	286,369	1,627,205	305,104	(2,034,010)	101,701	-
Less - cost of goods sold included with revenues on the statement of activities	-	-	-	(157,791)	(61,906)	-	(219,697)	-	-	-	(219,697)
Total expenses	\$ 1,081,780	\$ 3,123,693	\$ 829,705	\$ 248,187	\$ 1,980,741	\$ 1,551,431	\$ 8,815,537	\$ 2,100,138	\$ -	\$ 1,822,732	\$ 12,738,407

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

1. OPERATIONS AND NONPROFIT STATUS

New England Historic Genealogical Society (a Massachusetts not for profit corporation) (NEHGS) is a privately funded organization founded in 1845 whose mission is to encourage and assist all people to understand their heritage in New England and elsewhere in the world. To this end, NEHGS provides educational programs throughout the United States, maintains library collections, and sponsors and publishes scholarly research. NEHGS serves approximately 25,000 members throughout the United States.

NEHGS is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). NEHGS is also exempt from state income taxes. Donors may deduct contributions made to NEHGS within the limitations of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

NEHGS prepares its financial statements in accordance with generally accepted accounting standards (U.S. GAAP) and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities. Non-operating revenue includes investment activity, capital activity, and endowment contributions.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For purposes of the statements of cash flows, NEHGS considers all highly liquid investments with an initial maturity of three months or less, except those included in the investment portfolio, to be cash.

Pledges and Accounts Receivable

Pledges receivable (see Note 6) consist of grants and contributions committed for various NEHGS programs. Pledges are recorded at their net present value using discount rates ranging between .20% and 1.85% as deemed appropriate by management.

An allowance for potentially uncollectible pledges and accounts receivable is provided based upon management's judgment of expected defaults. The determination includes such factors as prior collection history, length of time outstanding, type of contribution, and nature of fundraising activities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and Books in Process

Inventory consists of books held for resale. Inventory is accounted for at the lower of cost (as determined by the first-in, first-out (FIFO) method) or net realizable value.

Books in process consist of costs related to the publication and production of books and electronic media in process of being produced by NEHGS.

Investments and Spending Policy

Investments (see Note 5) are reported at fair value. Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sales of securities or based on fair value changes during the period.

NEHGS follows the Massachusetts version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, NEHGS may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are classified as net assets with donor restrictions until appropriated for expenditure by NEHGS.

NEHGS designates only a portion of its cumulative investment return for support of operations; the remainder is retained to support operations of future years and to offset potential market declines. Massachusetts state law allows NEHGS to appropriate as much of the net appreciation as is prudent considering NEHGS's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under NEHGS's spending policy, 4% of the trailing twelve-quarter average of the fair value of the investments at the beginning of each of the previous three fiscal years is appropriated to support operations for the years ended August 31, 2021 and 2020. In the event of a significant market decline, NEHGS will consider all factors relevant to the stated goal in determining any change to the appropriation as allowed by UPMIFA. During the years ended August 31, 2021 and 2020, \$1,080,516 and \$1,111,944, respectively, of investment returns was appropriated under this spending policy and is reflected as investment return designated for current operations in the accompanying statements of activities.

In accordance with standards pertaining to *Accounting for Certain Investments Held By Not-for-Profit Organizations* and Massachusetts State Law, accumulated un-appropriated appreciation on donor restricted investments that are perpetual in nature are included in net assets with donor restrictions. As of August 31, 2021 and 2020, there was cumulative appreciation of donor restricted endowment net assets of \$5,128,053 and \$2,248,664, respectively (see page 13).

NEHGS has an investment policy which, combined with the spending rate, attempts to provide a predictable stream of returns combined with asset protection. Endowment assets include those assets restricted by donors that NEHGS must hold in perpetuity. Under NEHGS's investment policy and spending rate, both approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, NEHGS 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 Investment Committee's strategy is to include an array of different strategy and investment managers for the portfolio to minimize risk while providing investment returns exceeding industry benchmarks.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Purchased property and equipment (see Note 7) are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 50 years
Furniture, equipment and software	3 - 5 years
Website	5 years

Land is not depreciated. Projects in progress are not depreciated until placed into service.

Books and Collections

Purchased books and collections consist of historical records, books, artifacts, works of art, manuscripts, photographs, and other historical material and are recorded at cost when purchased. Donated books and collections are reported at the fair value at the time of the donation. Books and collections are not depreciated.

Net Assets

Net assets without donor restrictions are those resources not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of NEHGS. These net assets may be used at the discretion of NEHGS's management and the Board of Trustees. NEHGS groups its net assets without donor restrictions into the following categories:

Operating represents funds available to carry on the operations of NEHGS.

Property and equipment and books and collections reflect and account for the activities relating to NEHGS's property and equipment and books and collections.

Board designated represents funds set aside by the Board of Trustees to be used as an operating reserve to meet cash flow needs and for other special purposes as approved by the Board of Trustees. NEHGS treats the Board designated net assets consistent with the donor-restricted endowment (see page 11) and appropriates a portion of the related investment return for operations each year. During the years ended August 31, 2021 and 2020, \$775,000 of net assets was appropriated and is reflected as satisfaction of Board designation in the accompanying statements of activities.

Net assets with donor restrictions include net assets with stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NEHGS, the passage of time, or receipt of certain pledges. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, except as deemed prudent by NEHGS in accordance with the spending policy (see page 11). Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions (Continued)

Net assets with donor restrictions are restricted as follows at August 31:

	<u>2021</u>	<u>2020</u>
Donor restricted endowment held in perpetuity	\$ 16,285,646	\$ 16,217,636
Time restrictions	7,859,558	8,166,146
Purpose restrictions - Cornerstone Project (Note 7)	7,605,518	4,561,389
Appreciation on donor restricted endowment	5,128,053	2,248,664
Other purpose restrictions	1,520,740	1,795,459
Gift annuity funds	<u>1,045,721</u>	<u>1,339,734</u>
	<u>\$ 39,445,236</u>	<u>\$ 34,329,028</u>

Expense Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fringe benefits, which are allocated based on estimates of time and effort spent on each program or support function. Additional expenses which are allocated include depreciation, which are allocated based on attributes related to a specific program or function. All central facility expenses are allocated across all functions and programs based on an allocation of total expenses. All other expenses are charged on a direct basis to specific programs or functions.

Advertising

NEHGS expenses advertising costs as they are incurred.

Revenue Recognition

Revenue from Contracts with Customers

Earned Income

NEHGS analyzes its membership dues for elements of contribution and exchange transactions in accordance with ASC Topic 958, *Not-for-Profit Entities*. With the exception of lifetime memberships, NEHGS has concluded that because the fair value of the benefits received through the membership exceed the cost of the membership, the entire transaction is considered an exchange transaction and therefore accounted for under ASC Topic 606, *Revenue from Contracts with Customers*. The membership dues are recognized ratably over the membership period as the performance obligations are satisfied over time. NEHGS assessed its lifetime memberships for elements of contributions and exchange transactions and concluded that based on the value of the lifetime memberships in relation to its cost, the lifetime membership is considered to be a contribution and revenue is recognized in accordance with Topic 958.

NEHGS operates a library which generates revenue that is recognized at a point in time when the services are utilized, generally upon either the completion of research or admission to the library.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Earned Income (Continued)

Seminar and other program revenue is derived from NEHGS's performance of providing tours and seminars and those revenues are recognized upon completion of the tour or seminar.

NEHGS generates revenue from sales of books and merchandise as part of its operations. Revenue is recognized when control of the product is transferred to the customer according to the terms of the sale. The amount of revenue recognized reflects the consideration that NEHGS expects to be entitled to in exchange for the products.

Deferred Revenue

Based on the timing of revenue recognition, billings, and cash collections for its membership dues, research services, tours, and seminars, NEHGS receives certain billings in advance of revenue recognition resulting in deferred revenue (contract liability).

Membership dues, seminar and other program income received in advance of services being provided are recorded as deferred revenue. Deferred revenue consists of the following at August 31:

	<u>2021</u>	<u>2020</u>
Membership fees	\$ 1,062,958	\$ 1,125,656
Research and other deposits	291,413	289,435
Tours and seminars	<u>106,635</u>	<u>20,875</u>
	<u>\$ 1,461,006</u>	<u>\$ 1,435,966</u>

Grants and Contributions

A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that NEHGS should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 12 for disclosure of NEHGS's conditional grant at August 31, 2020.

Contributions are recorded as revenues and net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence of donor-imposed restrictions, when unconditionally received or pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

Other

All other income is recognized when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

NEHGS accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. NEHGS has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at August 31, 2021 and 2020. NEHGS's tax and information returns are subject to examination by the Federal and state jurisdictions.

Fair Value Measurements

NEHGS follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that NEHGS would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

NEHGS uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of NEHGS. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by NEHGS and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

A summary of inputs used in valuing NEHGS's investments as of August 31, 2021 and 2020, is included in Note 5.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Split-Interest Liabilities

A liability for split-interest obligations is recorded when the split-interest agreement is established at the estimated net present value of future cash flows based on donor life expectations, using a risk-adjusted discount rate commensurate with the duration of the estimated payments. These inputs to the fair value estimate are considered Level 2 in the fair value hierarchy (see Note 8).

Subsequent Events

Subsequent events have been evaluated through January 25, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that met the criteria for disclosure in the financial statements.

3. AVAILABILITY AND LIQUIDITY

The following financial assets are available within one year from the statements of financial position date to meet general operating expense needs as of August 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 333,444	\$ 303,836
Investments without donor restrictions	15,335,132	11,518,270
Current portion of accounts and pledges receivable	1,865,604	2,987,202
Endowment investments appropriated for current use	1,870,076	1,855,516
Less - program restricted pledges	(1,331,450)	(2,639,702)
Less - Board designated investments	<u>(8,365,255)</u>	<u>(6,268,683)</u>
Financial assets available to meet expenditures in the next twelve months	<u>\$ 9,707,551</u>	<u>\$ 7,756,439</u>

NEHGS's investments include donor restricted endowment funds totaling \$16,285,646 and \$16,217,636 as of August 31, 2021 and 2020, respectively, restricted in perpetuity and, therefore, are not available for operations. In addition, included in NEHGS's investments are earnings generated from donor restricted gifts restricted in perpetuity.

NEHGS has a policy to structure its financial assets to be available as its obligations become due. The Board of Trustees designates a portion of any operating surplus to be used as an operating reserve to meet cash flow needs and for other special purposes as approved by the Board of Trustees (see Note 2). The reserve may be drawn upon in the event of financial distress or an immediate liquidity needs resulting from events outside NEHGS's routine course of business. Additionally, NEHGS has a line of credit which allows for borrowings up to \$5,000,000 (see Note 9).

Although NEHGS does not intend to spend investment earnings on its endowment in excess of the annual Board approved appropriation, these earnings could be made available if the Board of Trustees considers the need to be prudent.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

4. ENDOWMENTS

Changes in endowment net assets by class for the years ended August 31, 2021 and 2020, are as follows:

	Without Donor Restrictions Board Designated Endowment	With Donor Restrictions Appreciation on Endowment	Endowment	Total Endowment
Endowment net assets, August 31, 2019	\$ 5,878,140	\$ 1,135,556	\$ 16,185,199	\$ 23,198,895
Investment return:				
Interest and dividends	110,704	348,609	-	459,313
Investment management fees	(39,351)	(123,920)	-	(163,271)
Net realized and unrealized gains	635,227	2,000,363	-	2,635,590
Total investment return	706,580	2,225,052	-	2,931,632
Contributions	458,963	-	32,437	491,400
Spending policy transfer	(775,000)	(1,111,944)	-	(1,886,944)
Sub-total	(316,037)	(1,111,944)	32,437	(1,395,544)
Endowment net assets, August 31, 2020	6,268,683	2,248,664	16,217,636	24,734,983
Investment return:				
Interest and dividends	96,036	257,295	-	353,331
Investment management fees	(51,543)	(138,093)	-	(189,636)
Net realized and unrealized gains	1,433,543	3,840,703	-	5,274,246
Total investment return	1,478,036	3,959,905	-	5,437,941
Contributions	1,393,536	-	68,010	1,461,546
Spending policy transfer	(775,000)	(1,080,516)	-	(1,855,516)
Sub-total	618,536	(1,080,516)	68,010	(393,970)
Endowment net assets, August 31, 2021	\$ 8,365,255	\$ 5,128,053	\$ 16,285,646	\$ 29,778,954

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

5. INVESTMENTS

Investments include the following separately defined portfolios as of August 31:

	<u>2021</u>	<u>2020</u>
Endowment and other funds	\$ 42,544,940	\$ 33,147,820
Gift annuity funds (see Note 8)	1,431,633	1,851,075
457 Plan funds (see Note 10)	<u>642,222</u>	<u>485,798</u>
	<u>\$ 44,618,795</u>	<u>\$ 35,484,693</u>

Investments are classified as long-term assets based on management's intent to hold these investments for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations. The investment portfolio as of August 31, 2021 and 2020, summarized using fair value inputs (see Note 2), are as follows:

<u>Investment Type</u>	<u>2021</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common stock:				
Technology	\$ 2,317,250	\$ -	\$ -	\$ 2,317,250
Health services	1,086,103	-	-	1,086,103
Finance	937,796	-	-	937,796
Consumer	853,655	-	-	853,655
Industrial and manufacturing	820,880	-	-	820,880
Other	<u>523,509</u>	<u>-</u>	<u>-</u>	<u>523,509</u>
Total common stock	6,539,193	-	-	6,539,193
Mutual funds - bond funds	30,847,974	-	-	30,847,974
GMO Benchmark-Free Allocation				
Fund Class III	4,310,328	-	-	4,310,328
Cash and equivalents	976,166	-	-	976,166
Variable annuities	-	642,222	-	642,222
Mutual funds - dividend growth fund	508,478	-	-	508,478
Mutual funds - index funds	505,499	-	-	505,499
Real Estate Investment Trusts	<u>288,935</u>	<u>-</u>	<u>-</u>	<u>288,935</u>
	<u>\$ 43,976,573</u>	<u>\$ 642,222</u>	<u>\$ -</u>	<u>\$ 44,618,795</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

5. INVESTMENTS (Continued)

Investment Type	2020			Total
	Level 1	Level 2	Level 3	
Common stock:				
Technology	\$ 6,215,958	\$ -	\$ -	\$ 6,215,958
Health services	3,483,153	-	-	3,483,153
Finance	2,481,417	-	-	2,481,417
Consumer	2,974,684	-	-	2,974,684
Industrial and manufacturing	2,027,234	-	-	2,027,234
Other	<u>1,213,260</u>	<u>-</u>	<u>-</u>	<u>1,213,260</u>
Total common stock	18,395,706	-	-	18,395,706
Mutual funds - bond funds	9,613,061	-	-	9,613,061
GMO Benchmark-Free Allocation				
Fund Class III	3,816,047	-	-	3,816,047
Cash and equivalents	1,175,013	-	-	1,175,013
Variable annuities	-	485,798	-	485,798
Mutual funds - dividend growth fund	613,175	-	-	613,175
Mutual funds - index funds	800,342	-	-	800,342
Real Estate Investment Trusts	<u>585,551</u>	<u>-</u>	<u>-</u>	<u>585,551</u>
	<u>\$ 34,998,895</u>	<u>\$ 485,798</u>	<u>\$ -</u>	<u>\$ 35,484,693</u>

Variable annuities are measured at fair value based on each account's daily Net Asset Value (NAV). Variable annuities are not exchange traded and are classified within Level 2 of the fair value hierarchy.

6. PLEDGES RECEIVABLE

Pledges receivable are due as follows as of August 31:

	2021	2020
Amounts due in:		
Less than one year	\$ 1,795,602	\$ 2,985,835
One to five years	5,271,259	4,617,834
Over five years	<u>3,868,720</u>	<u>3,478,111</u>
	10,935,581	11,081,780
Less - discount	774,008	620,546
Less - allowance for uncollectible pledges	<u>-</u>	<u>98,629</u>
	10,161,573	10,362,605
Less - current portion, net	<u>1,795,602</u>	<u>2,887,206</u>
Long-term pledges receivable, net	<u>\$ 8,365,971</u>	<u>\$ 7,475,399</u>

Donor endowment restricted pledges that are expected to be received in less than one year are classified as long-term in the accompanying statements of financial position, based on the nature of the restriction.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

6. PLEDGES RECEIVABLE (Continued)

NEHGS is the beneficiary of eighteen irrevocable trusts at August 31, 2021 and 2020, totaling \$4,551,868 and \$4,840,454, respectively, which will be received by NEHGS upon the donors' death. NEHGS's beneficial interest in these trusts has been recorded as contribution revenue and pledges receivable in the accompanying financial statements. In accordance with the *Fair Value Measurements* standards under U.S. GAAP (see page 15), these contributions and pledges receivable have been valued using Level 2 inputs. These inputs include the principal amount of the contribution, the donor's life expectancy, and discount rate. The related contributions and pledges have been discounted based upon the donors' life expectancy. Irrevocable trust pledges receivable have been discounted to their net present value using a 1.85% and 1.5% discount rate as of August 31, 2021 and 2020, respectively. NEHGS periodically assess the likelihood of collectability of these gifts upon death of the donor and changes in value of the donors' assets.

Pledges receivable at August 31, 2021 and 2020, also consist of commitments towards NEHGS's endowment and various programs. These pledges are recorded at their net present value using a 1.85% and 1.49% discount rate as of August 31, 2021 and 2020, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,226,872	\$ 2,226,872
Buildings and improvements	9,168,460	9,109,837
Website, furniture, equipment and software	5,566,241	5,095,457
Projects in progress	<u>766,128</u>	<u>622,528</u>
	17,727,701	17,054,694
Less - accumulated depreciation	<u>8,091,357</u>	<u>7,420,489</u>
	<u>\$ 9,636,344</u>	<u>\$ 9,634,205</u>

Projects in progress as of August 31, 2021 and 2020, primarily include predevelopment and other costs for renovating and operating a new facility in Boston, Massachusetts (the Cornerstone Project). NEHGS expects renovations to begin in 2022.

8. SPLIT-INTEREST AGREEMENTS

NEHGS is the beneficiary of various split-interest planned giving arrangements, which are structured as charitable gift annuities. Under this agreement, a donor transfers assets to NEHGS in return for a promise to pay a specific annuity to a designated beneficiary for their lifetime. The obligation to make annuity payments is guaranteed by all assets of NEHGS. Upon the beneficiary's death, the annuity payment obligation ceases. The present value of the annuity payments under these agreements is presented in the accompanying statements of financial position as annuity payable of \$385,911 and \$511,340 at August 31, 2021 and 2020, respectively. These funds have been discounted to their net present value based upon the donor's expected life and a rate of 5% as of August 31, 2021 and 2020.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2021 and 2020

9. NOTE PAYABLE TO A BANK

NEHGS maintains a line of credit agreement with a bank for \$5,000,000. Borrowings under this agreement are due on demand and interest is payable at the bank's prime rate (3.25% at August 31, 2021 and 2020), plus .25%; however, the interest rate shall not go below 3.75%. The line of credit is secured by all personal property of NEHGS and is renewable annually. There was no outstanding balance as of August 31, 2021. There was an outstanding balance of \$500,000 as of August 31, 2020.

10. RETIREMENT PLANS

NEHGS has a qualified retirement plan under IRC Section 403(b) for all eligible employees. Employees may make voluntary salary contributions into this plan within IRC guidelines. NEHGS contributes 7% of the employee's gross salary on behalf of each full-time employee who has completed two years of service. For the years ended August 31, 2021 and 2020, NEHGS contributed \$147,256 and \$330,293, respectively, to this plan, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

NEHGS has entered into an employment agreement with a senior executive of NEHGS that provides for retirement benefits to be paid to the executive in the amount of \$50,000 per year, which began on January 1, 2015, as extended, until the earlier of his death or December 31, 2035. The agreement also provides for certain reduced benefits to the executive's wife if he dies before August 31, 2035. These benefits terminate at the earlier of her death or August 31, 2035. These benefits became fully vested at the end of the employment term, December 31, 2014. The present value of the future payments based on the life expectancy of the executive and his wife, assuming a 5% discount rate, is approximately \$427,000 at August 31, 2021. As of August 31, 2021 and 2020, NEHGS has accrued \$427,184 and \$456,842, respectively, under this plan, which are included in accrued retirement in the accompanying statements of financial position.

NEHGS maintains a plan under IRC Section 457 for the benefit of a select group of management. Employer contributions to this plan are discretionary and Plan participants are immediately vested. The funds in this plan will be distributed to the participants upon retirement or termination of employment from NEHGS. Included in investments and accrued retirement as of August 31, 2021 and 2020, was \$642,222 and \$485,798, respectively, related to this plan. NEHGS contributed \$28,100 and \$21,600 to this plan during fiscal years 2021 and 2020, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

11. CONCENTRATIONS

NEHGS maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. NEHGS has not experienced any losses in such accounts. NEHGS believes it is not exposed to any significant credit risk on cash and cash equivalents.

One donor's balance represented 13% of pledges receivable as of August 31, 2021 and 2020.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

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12. CONDITIONAL GRANT

In fiscal year 2020, NEHGS applied for, and was awarded, a loan of \$1,457,130 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during a covered period as defined in the CARES Act.

NEHGS believed that this loan will be forgiven and, therefore, accounted for it as a conditional grant under ASC Subtopic 958-605 for the year ended August 31, 2020, and recognized \$1,457,130 of grant revenue which is included in grants and contributions without donor restrictions in the accompanying statement of activities. NEHGS determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when NEHGS has incurred expenditures in compliance with the loan application and CARES Act requirements. This loan was forgiven in December 2020.

13. CONTINGENCY

In March 2020, there was an outbreak of a novel strain of Coronavirus (COVID-19). The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on NEHGS's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact NEHGS's financial condition or results of operations is uncertain.

14. RECLASSIFICATION

Certain amounts in the fiscal year 2020 financial statements have been reclassified to conform with the fiscal year 2021 presentation.