



NEW ENGLAND HISTORIC
GENEALOGICAL SOCIETY

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FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

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August 31, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of New England Historic Genealogical Society (a Massachusetts nonprofit corporation) (NEHGS), which comprise the statements of financial position as of August 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New England Historic Genealogical Society as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NEHGS'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, which raise substantial doubt about NEHGS'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.

AAFCPA, Inc.

Westborough, Massachusetts
January 26, 2024

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Financial Position
August 31, 2023

Assets	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Current Assets:					
Cash	\$ 194,000	\$ -	\$ 194,000	\$ -	\$ 194,000
Accounts receivable, net	144,890	-	144,890	-	144,890
Current portion of pledges receivable, net	-	-	-	3,973,284	3,973,284
Inventory	367,475	-	367,475	-	367,475
Books in process	437,083	-	437,083	-	437,083
Prepaid expenses	174,963	-	174,963	-	174,963
Total current assets	1,318,411	-	1,318,411	3,973,284	5,291,695
Pledges Receivable, net of current portion, and discount	-	-	-	8,337,811	8,337,811
Restricted Cash	1,200,000	-	1,200,000	-	1,200,000
Investments	4,611,489	7,755,356	12,366,845	24,466,243	36,833,088
Property and Equipment, net	12,325,383	-	12,325,383	-	12,325,383
Books and Collections	2,434,671	-	2,434,671	-	2,434,671
Total assets	\$ 21,889,954	\$ 7,755,356	\$ 29,645,310	\$ 36,777,338	\$ 66,422,648
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,948,907	\$ -	\$ 1,948,907	\$ -	\$ 1,948,907
Deferred revenue	1,315,410	-	1,315,410	-	1,315,410
Current portion of annuity payable	107,702	-	107,702	-	107,702
Current portion of deferred compensatoin	50,000	-	50,000	-	50,000
Total current liabilities	3,422,019	-	3,422,019	-	3,422,019
Accounts Payable - construction	1,293,849	-	1,293,849	-	1,293,849
Note payable to a bank	2,760,139	-	2,760,139	-	2,760,139
Bond Payable, net	1,636,358	-	1,636,358	-	1,636,358
Annuity Payable, net of current portion	634,215	-	634,215	-	634,215
Deferred Compensation, net of current portion	1,149,229	-	1,149,229	-	1,149,229
Total long term liabilities	7,473,790	-	7,473,790	-	7,473,790
Total liabilities	10,895,809	-	10,895,809	-	10,895,809
Net Assets:					
Without donor restrictions:					
Operating, property and equipment and books and collections	10,994,145	-	10,994,145	-	10,994,145
Board designated	-	7,755,356	7,755,356	-	7,755,356
Total without donor restrictions	10,994,145	7,755,356	18,749,501	-	18,749,501
With donor restrictions	-	-	-	36,777,338	36,777,338
Total net assets	10,994,145	7,755,356	18,749,501	36,777,338	55,526,839
Total liabilities and net assets	\$ 21,889,954	\$ 7,755,356	\$ 29,645,310	\$ 36,777,338	\$ 66,422,648

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Financial Position
August 31, 2022

Assets	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Current Assets:					
Cash	\$ 159,461	\$ -	\$ 159,461	\$ -	\$ 159,461
Accounts receivable	122,868	-	122,868	-	122,868
Current portion of pledges receivable, net	-	-	-	3,013,294	3,013,294
Inventory	374,678	-	374,678	-	374,678
Books in process	415,632	-	415,632	-	415,632
Prepaid expenses	86,326	-	86,326	-	86,326
Total current assets	1,158,965	-	1,158,965	3,013,294	4,172,259
Pledges Receivable, net of current portion, and discount	-	-	-	7,206,867	7,206,867
Investments	4,163,093	6,724,829	10,887,922	23,786,659	34,674,581
Property and Equipment, net	10,038,099	-	10,038,099	-	10,038,099
Books and Collections	2,434,671	-	2,434,671	-	2,434,671
Total assets	<u>\$ 17,794,828</u>	<u>\$ 6,724,829</u>	<u>\$ 24,519,657</u>	<u>\$ 34,006,820</u>	<u>\$ 58,526,477</u>
Liabilities and Net Assets					
Current Liabilities:					
Note payable to a bank	\$ 700,000	\$ -	\$ 700,000	\$ -	\$ 700,000
Accounts payable and accrued expenses	1,904,109	-	1,904,109	-	1,904,109
Deferred revenue	1,603,986	-	1,603,986	-	1,603,986
Current portion of annuity payable	63,953	-	63,953	-	63,953
Current portion of deferred compensation	50,000	-	50,000	-	50,000
Total current liabilities	4,322,048	-	4,322,048	-	4,322,048
Annuity Payable, net of current portion	320,978	-	320,978	-	320,978
Deferred Compensation, net of current portion	979,357	-	979,357	-	979,357
Total liabilities	5,622,383	-	5,622,383	-	5,622,383
Net Assets:					
Without donor restrictions:					
Operating, property and equipment and books and collections	12,172,445	-	12,172,445	-	12,172,445
Board designated	-	6,724,829	6,724,829	-	6,724,829
Total without donor restrictions	12,172,445	6,724,829	18,897,274	-	18,897,274
With donor restrictions	-	-	-	34,006,820	34,006,820
Total net assets	12,172,445	6,724,829	18,897,274	34,006,820	52,904,094
Total liabilities and net assets	<u>\$ 17,794,828</u>	<u>\$ 6,724,829</u>	<u>\$ 24,519,657</u>	<u>\$ 34,006,820</u>	<u>\$ 58,526,477</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Activities

For the Year Ended August 31, 2023

	Without Donor Restrictions			With Donor Restrictions	
	Operating	Board Designated	Total		Total
Operating Revenue and Support:					
Earned income:					
Sales of books and merchandise	\$ 259,889	\$ -	\$ 259,889	\$ -	\$ 259,889
Less - cost of goods sold	149,384	-	149,384	-	149,384
Net sales of books and merchandise	110,505	-	110,505	-	110,505
Membership dues	2,414,078	-	2,414,078	-	2,414,078
Seminar and other program income	1,326,539	-	1,326,539	-	1,326,539
Library fees and admissions	1,213,329	-	1,213,329	-	1,213,329
Total earned income	5,064,451	-	5,064,451	-	5,064,451
Support:					
Grants and contributions	1,283,921	-	1,283,921	9,903,244	11,187,165
Investment return designated for current operations	1,181,000	-	1,181,000	-	1,181,000
Change in value of split-interest agreements	-	-	-	(85,922)	(85,922)
Net assets released from restrictions:					
Satisfaction of time restrictions	3,409,800	1,180,138	4,589,938	(4,589,938)	-
Satisfaction of program restrictions	2,609,450	-	2,609,450	(2,609,450)	-
Satisfaction of Board designations	1,000,000	(1,000,000)	-	-	-
Total support	9,484,171	180,138	9,664,309	2,617,934	12,282,243
Total operating revenue and support	14,548,622	180,138	14,728,760	2,617,934	17,346,694
Operating Expenses:					
Program services:					
Member services	381,596	-	381,596	-	381,596
Research library	2,492,319	-	2,492,319	-	2,492,319
Tours and seminars	1,656,562	-	1,656,562	-	1,656,562
Retail store	68,003	-	68,003	-	68,003
Publications	1,965,871	-	1,965,871	-	1,965,871
Website	1,619,622	-	1,619,622	-	1,619,622
Total program services	8,183,973	-	8,183,973	-	8,183,973
Supporting services:					
General and administrative	2,811,803	-	2,811,803	-	2,811,803
Fundraising	3,919,548	-	3,919,548	-	3,919,548
Total supporting services	6,731,351	-	6,731,351	-	6,731,351
Total operating expenses	14,915,324	-	14,915,324	-	14,915,324
Changes in net assets from operations	(366,702)	180,138	(186,564)	2,617,934	2,431,370
Non-Operating Revenue (Expense):					
Investment return	537,200	850,389	1,387,589	1,204,237	2,591,826
Endowment contributions	-	-	-	129,347	129,347
Investment return designated for current operations	-	-	-	(1,181,000)	(1,181,000)
Loss on disposal of property and equipment	(1,348,798)	-	(1,348,798)	-	(1,348,798)
Total non-operating revenue (expense)	(811,598)	850,389	38,791	152,584	191,375
Changes in net assets	\$ (1,178,300)	\$ 1,030,527	\$ (147,773)	\$ 2,770,518	\$ 2,622,745

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Activities

For the Year Ended August 31, 2022

	Without Donor Restrictions			With Donor Restrictions	
	Operating	Board Designated	Total		Total
Operating Revenue and Support:					
Earned income:					
Sales of books and merchandise	\$ 352,726	\$ -	\$ 352,726	\$ -	\$ 352,726
Less - cost of goods sold	172,884	-	172,884	-	172,884
Net sales of books and merchandise	179,842	-	179,842	-	179,842
Membership dues	2,479,089	-	2,479,089	-	2,479,089
Seminar and other program income	1,153,727	-	1,153,727	-	1,153,727
Library fees and admissions	1,047,871	-	1,047,871	-	1,047,871
Total earned income	4,860,529	-	4,860,529	-	4,860,529
Support:					
Grants and contributions	923,739	-	923,739	5,267,603	6,191,342
Investment return designated for current operations	1,095,976	-	1,095,976	-	1,095,976
Change in value of split-interest agreements	-	-	-	(58,797)	(58,797)
Net assets released from restrictions:					
Satisfaction of time restriction	1,697,557	1,467,147	3,164,704	(3,164,704)	-
Satisfaction of program restrictions	1,179,766	-	1,179,766	(1,179,766)	-
Satisfaction of Board designation	1,000,000	(1,000,000)	-	-	-
Total support	5,897,038	467,147	6,364,185	864,336	7,228,521
Total operating revenue and support	10,757,567	467,147	11,224,714	864,336	12,089,050
Operating Expenses:					
Program services:					
Member services	494,494	-	494,494	-	494,494
Research library	2,605,961	-	2,605,961	-	2,605,961
Tours and seminars	1,698,544	-	1,698,544	-	1,698,544
Retail store	113,920	-	113,920	-	113,920
Publications	2,119,742	-	2,119,742	-	2,119,742
Website	1,866,406	-	1,866,406	-	1,866,406
Total program services	8,899,067	-	8,899,067	-	8,899,067
Supporting services:					
General and administrative	1,920,172	-	1,920,172	-	1,920,172
Fundraising	2,151,960	-	2,151,960	-	2,151,960
Total supporting services	4,072,132	-	4,072,132	-	4,072,132
Total operating expenses	12,971,199	-	12,971,199	-	12,971,199
Changes in net assets from operations	(2,213,632)	467,147	(1,746,485)	864,336	(882,149)
Non-Operating Revenue:					
Investment return	(1,336,638)	(2,107,573)	(3,444,211)	(3,841,140)	(7,285,351)
Endowment contributions	-	-	-	112,685	112,685
Write-off of irrevocable bequest	-	-	-	(1,478,321)	(1,478,321)
Investment return designated for current operations	-	-	-	(1,095,976)	(1,095,976)
Total non-operating revenue	(1,336,638)	(2,107,573)	(3,444,211)	(6,302,752)	(9,746,963)
Changes in net assets	\$ (3,550,270)	\$ (1,640,426)	\$ (5,190,696)	\$ (5,438,416)	\$ (10,629,112)

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statements of Changes in Net Assets
For the Years Ended August 31, 2023 and 2022

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Net Assets, August 31, 2021	\$ 15,722,715	\$ 8,365,255	\$ 24,087,970	\$ 39,445,236	\$ 63,533,206
Changes in net assets	<u>(3,550,270)</u>	<u>(1,640,426)</u>	<u>(5,190,696)</u>	<u>(5,438,416)</u>	<u>(10,629,112)</u>
Net Assets, August 31, 2022	12,172,445	6,724,829	18,897,274	34,006,820	52,904,094
Changes in net assets	<u>(1,178,300)</u>	<u>1,030,527</u>	<u>(147,773)</u>	<u>2,770,518</u>	<u>2,622,745</u>
Net Assets, August 31, 2023	<u>\$ 10,994,145</u>	<u>\$ 7,755,356</u>	<u>\$ 18,749,501</u>	<u>\$ 36,777,338</u>	<u>\$ 55,526,839</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY
Statements of Cash Flows

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,622,745	\$ (10,629,112)
Adjustments to reconcile changes in net assets to net cash and restricted cash used in operating activities:		
Endowment contributions	(129,347)	(72,685)
Loss on disposal of property and equipment	1,348,798	-
Write-off of irrevocable bequest and pledge receivable	(750,000)	1,478,321
Change in discount of pledges receivable	370,893	811,819
Depreciation	388,460	665,362
Imputed interest - debt issuance costs	11,524	-
Bad debt	126,909	-
Change in value of split-interest agreements	85,922	58,797
Net realized and unrealized (gains) losses	(2,599,479)	7,505,932
Changes in operating assets and liabilities:		
Accounts receivable	(22,022)	(52,866)
Pledges receivable	(1,921,180)	(2,428,604)
Inventory	7,203	(14,732)
Books in process	(21,451)	(78,792)
Prepaid expenses	(88,637)	8,093
Accounts payable and accrued expenses	44,798	374,606
Deferred revenue	(288,576)	142,980
Annuity payable	442,908	57,815
Deferred compensation	169,872	(107,049)
Net cash used in operating activities	<u>(200,660)</u>	<u>(2,280,115)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,730,693)	(1,067,117)
Payments to annuitants	(85,922)	(58,797)
Purchase of investments	(4,290,450)	(1,133,356)
Proceeds from sale of investments	4,731,422	3,571,638
Net cash provided by (used in) investing activities	<u>(2,375,643)</u>	<u>1,312,368</u>
Cash Flows from Financing Activities:		
Collection of endowment contributions	125,869	93,764
Debt issuance costs	(172,858)	-
Proceeds from note payable to a bank	4,720,278	1,250,000
Principal payments on note payable to a bank	(2,660,139)	(550,000)
Proceeds from bond payable	1,797,692	-
Net cash provided by financing activities	<u>3,810,842</u>	<u>793,764</u>
Net Change in Cash and Restricted Cash	1,234,539	(173,983)
Cash and Restricted Cash:		
Beginning of year	159,461	333,444
End of year	<u>\$ 1,394,000</u>	<u>\$ 159,461</u>
Reconciliation of Cash and Restricted Cash Reported Within the Statements of Financial Position:		
Cash	\$ 194,000	\$ 159,461
Restricted Cash	1,200,000	-
Total cash and restricted cash	<u>\$ 1,394,000</u>	<u>\$ 159,461</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 114,750</u>	<u>\$ 24,333</u>
Construction in process in accounts payable	<u>\$ 1,293,849</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Functional Expenses
For the Year Ended August 31, 2023

	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	\$ 187,579	\$ 1,415,330	\$ 610,947	\$ -	\$ 947,172	\$ 597,762	\$ 3,758,790	\$ 1,534,248	\$ 197,091	\$ 1,603,824	\$ 7,093,953
Payroll taxes and fringe benefits	44,930	339,010	146,338	-	226,873	143,180	900,331	277,397	47,209	384,159	1,609,096
Total payroll and related	232,509	1,754,340	757,285	-	1,174,045	740,942	4,659,121	1,811,645	244,300	1,987,983	8,703,049
Other:											
Professional services	-	530	-	-	410	505,365	506,305	220,048	-	1,156,639	1,882,992
Printing and postage	54,431	15,870	573	7,596	482,210	-	560,680	24,612	11,998	198,289	795,579
Conferences and meetings	-	1,469	420,333	8,955	577	-	431,334	31,961	12	160,632	623,939
Repairs and maintenance	-	-	-	-	-	-	-	91,341	507,376	-	598,717
Travel	-	3,453	228,930	-	454	245	233,082	74,649	-	120,600	428,331
Depreciation	-	2,227	-	-	-	132,082	134,309	-	254,151	-	388,460
Contracted services	37,597	40,146	-	940	14,303	500	93,486	43,900	50,032	71,987	259,405
Program supplies	-	175,172	2,011	-	-	-	177,183	-	-	-	177,183
Utilities	-	-	-	-	-	-	-	-	169,300	-	169,300
Interest	-	-	-	-	-	-	-	153,631	-	-	153,631
Cost of goods sold	-	-	-	97,811	51,573	-	149,384	-	-	-	149,384
Bad debt	-	25,967	-	-	-	-	25,967	-	-	100,942	126,909
Insurance	-	-	-	-	-	-	-	-	120,406	-	120,406
Office supplies	257	44,240	1,278	6,842	1,627	16	54,260	3,227	39,593	7,788	104,868
Occupancy	-	21,734	-	33,573	-	-	55,307	-	46,499	-	101,806
Miscellaneous	-	26,844	195	-	364	-	27,403	59,325	750	9,429	96,907
Telephone	-	-	-	-	-	-	-	4,098	74,470	4,266	82,834
Advertising	145	1,826	-	-	-	-	1,971	48,458	-	4,962	55,391
Dues and subscriptions	-	8,456	-	-	-	-	8,456	17,075	-	20,086	45,617
Total other	92,430	367,934	653,320	155,717	551,518	638,208	2,459,127	772,325	1,274,587	1,855,620	6,361,659
Total expenses before central facility allocation and cost of goods sold	324,939	2,122,274	1,410,605	155,717	1,725,563	1,379,150	7,118,248	2,583,970	1,518,887	3,843,603	15,064,708
Central Facility Allocation	56,657	370,045	245,957	10,097	291,881	240,472	1,215,109	227,833	(1,518,887)	75,945	-
Less - cost of goods sold included with revenues on the statement of activities	-	-	-	(97,811)	(51,573)	-	(149,384)	-	-	-	(149,384)
Total expenses	\$ 381,596	\$ 2,492,319	\$ 1,656,562	\$ 68,003	\$ 1,965,871	\$ 1,619,622	\$ 8,183,973	\$ 2,811,803	\$ -	\$ 3,919,548	\$ 14,915,324

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Functional Expenses
For the Year Ended August 31, 2022

	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	\$ 180,233	\$ 1,382,758	\$ 708,422	\$ -	\$ 1,112,812	\$ 683,256	\$ 4,067,481	\$ 1,033,929	\$ 253,269	\$ 1,176,077	\$ 6,530,756
Payroll taxes and fringe benefits	54,387	414,545	216,812	-	333,472	205,874	1,225,090	186,938	71,078	359,065	1,842,171
Total payroll and related	234,620	1,797,303	925,234	-	1,446,284	889,130	5,292,571	1,220,867	324,347	1,535,142	8,372,927
Other:											
Professional services	108,209	47,529	24,253	16,791	12,025	358,093	566,900	132,590	-	239,760	939,250
Printing and postage	69,690	8,744	774	38,047	312,820	155	430,230	29,438	9,429	154,755	623,852
Conferences and meetings	-	2,495	256,638	7,486	1,116	538	268,273	27,745	313	21,126	317,457
Repairs and maintenance	-	1,800	-	-	-	-	1,800	91,388	467,443	-	560,631
Travel	-	1,571	210,608	-	573	226	212,978	58,800	2,001	77,796	351,575
Depreciation	1,187	5,013	-	-	-	318,061	324,261	-	341,101	-	665,362
Contracted services	1,953	40,971	-	-	7,935	2,683	53,542	-	97,686	4,250	155,478
Program supplies	-	141,614	-	-	-	-	141,614	335	-	507	142,456
Utilities	-	-	-	-	-	-	-	-	220,383	-	220,383
Interest	-	-	-	-	-	-	-	-	24,333	-	24,333
Cost of goods sold	-	-	-	147,801	25,083	-	172,884	-	-	-	172,884
Insurance	-	-	-	-	-	-	-	-	106,361	-	106,361
Office supplies	-	68,132	10,843	-	722	597	80,294	2,009	63,047	8,032	153,382
Occupancy	-	52,030	-	33,474	-	-	85,504	-	18,993	-	104,497
Miscellaneous	-	4,399	-	-	700	27	5,126	35,720	126	7,858	48,830
Telephone	-	-	-	-	-	-	-	3,535	93,946	4,256	101,737
Advertising	174	2,246	-	-	20	-	2,440	35,324	-	2,633	40,397
Dues and subscriptions	-	8,070	-	-	352	-	8,422	16,995	-	7,370	32,787
Content acquisition	-	9,504	-	-	-	-	9,504	-	-	-	9,504
Total other	181,213	394,118	503,116	243,599	361,346	680,380	2,363,772	433,879	1,445,162	528,343	4,771,156
Total expenses before central facility allocation and cost of goods sold	415,833	2,191,421	1,428,350	243,599	1,807,630	1,569,510	7,656,343	1,654,746	1,769,509	2,063,485	13,144,083
Central Facility Allocation	78,661	414,540	270,194	18,122	337,195	296,896	1,415,608	265,426	(1,769,509)	88,475	-
Less - cost of goods sold included with revenues on the statement of activities	-	-	-	(147,801)	(25,083)	-	(172,884)	-	-	-	(172,884)
Total expenses	\$ 494,494	\$ 2,605,961	\$ 1,698,544	\$ 113,920	\$ 2,119,742	\$ 1,866,406	\$ 8,899,067	\$ 1,920,172	\$ -	\$ 2,151,960	\$ 12,971,199

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

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 (expense) includes investment activity, capital activity, endowment contributions and write-off of irrevocable bequest.

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.

Pledges Receivable

Pledges receivable consist of grants and contributions committed for various NEHGS programs. Pledges are recorded at their net present value using discount rates ranging between 3.27% and 4.35%, as deemed appropriate by management. An allowance for potentially uncollectible pledges 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. See Note 6 for the allowance for potentially uncollectible pledges receivable.

Accounts Receivable

Accounts receivable are recorded at the amount of consideration to which NEHGS expects to receive for sales of books and merchandise, tours and seminars, research services, and other program activities. Amounts are considered receivable when the right to consideration is unconditional and only the passage of time is required before the payment of that consideration is due. Changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes to that are determined to be the result of an adverse change in the payer's ability to pay are recorded as bad debt expense. Accounts receivable as of August 31, 2021, were \$70,002.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

Allowance for doubtful accounts receivable was \$19,600 as of August 31, 2023. There was no allowance for doubtful accounts receivable as of August 31, 2022.

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 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, 2023 and 2022. 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, 2023 and 2022, \$1,181,000 and \$1,095,976, respectively, of investment returns were appropriated under this spending policy and are 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, 2023 and 2022, there was cumulative appreciation of donor restricted endowment net assets of \$685,176 and \$523,142, respectively.

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.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Spending Policy (Continued)

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.

Property and Equipment and Depreciation

Purchased property and equipment is 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.

NEHGS reviews the value of its property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements of ASC Topic, *Property, Plant and Equipment* under U.S. GAAP. There were no impairment losses during fiscal year 2023 or 2022. During fiscal year 2023, there was a loss on disposal of property and equipment related to the original acquisition costs of the Cornerstone project building of \$1,348,798.

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 fair value at the time of the donation. Books and collections are not depreciated.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

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

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and appropriates a portion of the related investment return for operations each year. During the years ended August 31, 2023 and 2022, \$1,000,000 of Board-designated net assets were appropriated, and are 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. 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.

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

	<u>2023</u>	<u>2022</u>
Donor restricted endowment held in perpetuity	\$ 16,487,678	\$ 16,358,331
Time restrictions	6,819,041	8,310,303
Purpose restrictions - Cornerstone Project (see Note 7)	9,978,172	6,567,273
Other purpose restrictions	1,595,030	1,496,927
Gift annuity funds	1,212,241	750,844
Appreciation on donor restricted endowment	<u>685,176</u>	<u>523,142</u>
	<u>\$ 36,777,338</u>	<u>\$ 34,006,820</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.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

NEHGS expenses advertising costs as they are incurred.

Revenue Recognition

Revenue from Contracts with Customers

Earned Income

NEHGS assessed its lifetime memberships for elements of contributions and exchange transactions and concluded that based on the value of the lifetime membership in relation to its cost, the lifetime membership is considered to be a contribution and revenue is recognized in accordance with ASC Topic 958. 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 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.

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 and admission services, tours, and seminars, NEHGS receives certain billings in advance of revenue recognition resulting in deferred revenue (contract liability).

Deferred revenue consists of the following at August 31:

	<u>2023</u>	<u>2022</u>
Membership fees	\$ 1,006,266	\$ 1,059,852
Research and other deposits	212,198	215,051
Tours and seminars	<u>96,946</u>	<u>329,083</u>
	<u>\$ 1,315,410</u>	<u>\$ 1,603,986</u>

Deferred revenue was \$1,461,006 as of September 1, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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.

Contributions are recorded as revenues and net assets without donor restrictions or net assets with donor restrictions, depending on the absences 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.

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, 2023 and 2022. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 value 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, 2023 and 2022, is included in Note 5.

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).

Cash and Restricted Cash

For purposes of the statements of cash flows, management considers all highly liquid investments held for operating purposes with initial maturities of three months or less to be cash. Cash and equivalents held by investment managers are considered part of investments.

Restricted cash represents a debt service reserve fund required by the bank in accordance with the bond payable agreements (see Note 10).

Subsequent Events

Subsequent events have been evaluated through January 26, 2024, 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.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

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>2023</u>	<u>2022</u>
Cash	\$ 194,000	\$ 159,461
Current portion of accounts and pledges receivable	3,973,284	3,136,162
Anticipated appropriation of endowment earnings	1,198,000	2,181,000
Less - program restricted pledges	<u>(2,532,784)</u>	<u>(2,659,483)</u>
Financial assets available to meet expenditures in the next twelve months	2,832,500	2,817,140
Investments without donor restrictions	12,366,845	10,887,922
Less - Board designated investments	<u>(7,755,356)</u>	<u>(6,724,829)</u>
Total	<u>\$ 7,443,989</u>	<u>\$ 6,980,233</u>

NEHGS's investments include donor restricted endowment funds totaling \$16,487,678 and \$16,358,331 as of August 31, 2023 and 2022, 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 need resulting from events outside NEHGS's routine course of business. Additionally, NEHGS has a line of credit which allows for borrowings up to \$6,000,000 (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, 2023 and 2022

4. ENDOWMENTS

Changes in endowment net assets by class for the years ended August 31, 2023 and 2022, are as follows:

	Without Donor Restrictions Board Designated Endowment	With Donor Restrictions Appreciation on Endowment	Endowment	Total Endowment
Endowment net assets, August 31, 2021	\$ 8,365,255	\$ 5,128,053	\$ 16,285,646	\$ 29,778,954
Investment return:				
Interest and dividends	137,025	228,134	-	365,159
Investment management fees	(70,132)	(116,764)	-	(186,896)
Net realized and unrealized losses	(2,174,466)	(3,620,305)	-	(5,794,771)
Total investment return	(2,107,573)	(3,508,935)	-	(5,616,508)
Contributions	1,467,147	-	72,685	1,539,832
Spending policy transfer	(1,000,000)	(1,095,976)	-	(2,095,976)
Sub-total	467,147	(1,095,976)	72,685	(556,144)
Endowment net assets, August 31, 2022	6,724,829	523,142	16,358,331	23,606,302
Investment return:				
Interest and dividends	183,297	289,484	-	472,781
Investment management fees	(82,611)	(130,469)	-	(213,080)
Net realized and unrealized gains	749,703	1,184,019	-	1,933,722
Total investment return	850,389	1,343,034	-	2,193,423
Contributions	1,180,138	-	129,347	1,309,485
Spending policy transfer	(1,000,000)	(1,181,000)	-	(2,181,000)
Sub-total	180,138	(1,181,000)	129,347	(871,515)
Endowment net assets, August 31, 2023	\$ 7,755,356	\$ 685,176	\$ 16,487,678	\$ 24,928,210

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

5. INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Endowment and other funds	\$ 34,178,720	\$ 32,972,494
Gift annuity funds (see Note 8)	1,955,301	1,135,774
457 Plan funds (see Note 11)	<u>699,067</u>	<u>566,313</u>
	<u>\$ 36,833,088</u>	<u>\$ 34,674,581</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, 2023 and 2022, summarized using fair value inputs, are as follows:

<u>Investment Type</u>	<u>2023</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common stock:				
Technology	\$ 2,075,684	\$ -	\$ -	\$ 2,075,684
Health services	1,124,606	-	-	1,124,606
Industrial and manufacturing	1,271,649	-	-	1,271,649
Finance	877,161	-	-	877,161
Consumer	761,376	-	-	761,376
Other	<u>371,097</u>	<u>-</u>	<u>-</u>	<u>371,097</u>
Total common stock	6,481,573	-	-	6,481,573
Mutual funds - bond funds	4,785,223	-	-	4,785,223
GMO Benchmark-Free Allocation				
Fund Class III	18,557,594	-	-	18,557,594
Cash and equivalents	4,706,423	-	-	4,706,423
Variable annuities	-	699,067	-	699,067
Mutual funds - index funds	671,224	-	-	671,224
Mutual funds - dividend growth fund	741,062	-	-	741,062
Real Estate Investment Trusts	<u>190,922</u>	<u>-</u>	<u>-</u>	<u>190,922</u>
	<u>\$ 36,134,021</u>	<u>\$ 699,067</u>	<u>\$ -</u>	<u>\$ 36,833,088</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

5. INVESTMENTS (Continued)

Investment Type	2022			Total
	Level 1	Level 2	Level 3	
Common stock:				
Technology	\$ 1,875,119	\$ -	\$ -	\$ 1,875,119
Health services	1,122,733	-	-	1,122,733
Industrial and manufacturing	1,004,804	-	-	1,004,804
Finance	765,701	-	-	765,701
Consumer	662,822	-	-	662,822
Other	<u>610,791</u>	<u>-</u>	<u>-</u>	<u>610,791</u>
Total common stock	6,041,970	-	-	6,041,970
Mutual funds - bond funds	3,365,303	-	-	3,365,303
GMO Benchmark-Free Allocation				
Fund Class III	22,619,472	-	-	22,619,472
Cash and equivalents	1,087,792	-	-	1,087,792
Variable annuities	-	566,313	-	566,313
Mutual funds - index funds	429,271	-	-	429,271
Mutual funds - dividend growth fund	348,948	-	-	348,948
Real Estate Investment Trusts	<u>215,512</u>	<u>-</u>	<u>-</u>	<u>215,512</u>
	<u>\$ 34,108,268</u>	<u>\$ 566,313</u>	<u>\$ -</u>	<u>\$ 34,674,581</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:

	2023	2022
Amounts due in:		
Less than one year	\$ 4,197,417	\$ 3,213,294
One to five years	7,640,033	5,816,716
Over five years	<u>2,654,498</u>	<u>2,975,978</u>
	14,491,948	12,005,988
Less - discount	1,956,720	1,585,827
Less - allowance for uncollectible pledges	<u>224,133</u>	<u>200,000</u>
	12,311,095	10,220,161
Less - current portion, net	<u>3,973,284</u>	<u>3,013,294</u>
Long-term pledges receivable, net	<u>\$ 8,337,811</u>	<u>\$ 7,206,867</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

6. PLEDGES RECEIVABLE (Continued)

NEHGS is the beneficiary of thirteen irrevocable estate gifts at August 31, 2023 and 2022, totaling \$2,615,521 and \$2,795,521, respectively, which will be received by NEHGS upon the donors' death. NEHGS's beneficial interest in these agreements 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, 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 estate pledges receivable have been discounted to their net present value using a 4.35% and 3.27% discount rate as of August 31, 2023 and 2022, respectively. NEHGS periodically assess the likelihood of collectability of these gifts upon death of the donor and changes in value of the donors' assets. During fiscal year 2022, NEHGS wrote off \$1,478,321 of irrevocable estate gifts that were deemed uncollectible. This amount is reflected as write-off of irrevocable bequest in the accompanying fiscal year 2022 statement of activities.

Pledges receivable at August 31, 2023 and 2022, also consist of commitments towards NEHGS's endowment and various programs. These pledges are recorded at their net present value using a 4.35% and 3.27% discount rate as of August 31, 2023 and 2022, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,226,872	\$ 2,226,872
Buildings and improvements	7,471,564	9,168,460
Website, furniture, equipment and software	6,160,845	5,861,557
Construction in progress- Cornerstone	5,095,610	1,504,179
Projects in progress- other	144,634	33,750
	<u>21,099,525</u>	<u>18,794,818</u>
Less - accumulated depreciation	<u>8,774,142</u>	<u>8,756,719</u>
	<u>\$ 12,325,383</u>	<u>\$ 10,038,099</u>

Construction in progress - Cornerstone as of August 31, 2023 and 2022, primarily includes construction, predevelopment and other costs for renovating and operating a new facility in Boston, Massachusetts (the Cornerstone Project) which is expected to be completed prior to the end of fiscal year 2024.

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, and funded by a separate charitable gift annuity investment portfolio (see Note 5). 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 \$741,917 and \$384,931 at August 31, 2023 and 2022, 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, 2023 and 2022.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2023 and 2022

9. NOTES PAYABLE TO A BANK

NEHGS maintained a line of credit agreement with a bank for \$5,000,000. Borrowings under this agreement were due on demand and interest is payable at the bank's prime rate (5.5% at August 31, 2022), plus .25%; however, the interest rate shall not go below 3.75%. The line of credit was secured by all personal property of NEHGS and was renewable annually. There was an outstanding balance of \$700,000 as of August 31, 2022. This line of credit agreement was terminated during fiscal year 2023.

NEHGS entered into a revolving line of credit with another bank for borrowings up to \$6,000,000. Interest is payable monthly at the one-month Secured Overnight Financing Rate (SOFR) (5.31% at August 31, 2023), plus 1.50%, however, the interest rate shall not go below 3.00%. Principal is due upon expiration of the line in April 2028. There was \$2,760,139 outstanding as of August 31, 2023. Interest expense was \$129,220 for fiscal year 2023 under this agreement. The line of credit is cross collateralized with the bond payable (see Note 10), and secured by substantially all assets of the Society.

10. BOND PAYABLE

During fiscal year 2023, NEHGS entered into an agreement with Massachusetts Development Finance Agency (MDFA) and a bank in connection with the issuance of \$18,000,000 of MDFA Revenue Bonds, New England Historic Genealogical Society Issue, Series 2023 (the Bond) to finance the construction of a new building in Boston, Massachusetts (Cornerstone).

The Bond bears interest at 79% of the 1 month Term SOFR (5.31% at August 31, 2023) plus 1.50% for the first five years (the draw down period), at which point NEHGS will have the option to change to a fixed rate at 79% of the Federal Home Loan Bank rate plus 1.50%. During the draw down period, interest only payments are due monthly. Principal and interest payments are due based on a twenty-five year amortization schedule, beginning after the draw down period with a balloon payment due at maturity on April 1, 2038. The Bond is cross collateralized with the line of credit (see Note 9) and secured by substantially all assets of NEHGS. There was an outstanding balance of \$1,797,692 as of August 31, 2023. Interest expense under this agreement was \$12,887 for fiscal year 2023.

The bond payable liability is presented net of debt issuance costs of \$172,858 net of accumulated imputed interest of \$11,524 as of August 31, 2023. Amortization of debt issuance costs for fiscal year 2023 totaled \$11,524 and is included in interest expense in the accompanying statement of functional expenses. Amortization of debt issuance costs for the next five years is expected to be \$11,524 per year.

The bond payable agreements require NEHGS to maintain certain financial ratios and covenants. NEHGS was in compliance with all financial ratios and covenants at August 31, 2023.

11. 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, 2023 and 2022, NEHGS contributed \$303,571 and \$384,627, respectively, to this plan, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
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11. RETIREMENT PLANS

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 \$363,000 at August 31, 2023. As of August 31, 2023 and 2022, NEHGS has accrued \$363,348 and \$396,044, respectively, under this plan, which are included in deferred compensation in the accompanying statements of financial position.

NEHGS maintains a plan under IRC Section 457 plan for the benefit of a select group of management. Employer contributions to the 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 deferred compensation as of August 31, 2023 and 2022, was \$699,067 and \$566,313, respectively, related to this plan. NEHGS contributed \$46,200 and \$41,500 to this plan during fiscal years 2023 and 2022, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

Also included in deferred compensation is \$136,814 related to other employment agreements for senior management.

12. 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 27% of pledges receivable as of August 31, 2023.

13. RECLASSIFICATION

Certain amounts in the fiscal year 2022 financial statements have been reclassified to conform with the fiscal year 2023 presentation.