



NEW ENGLAND HISTORIC
GENEALOGICAL SOCIETY

AmericanAncestors.org

**FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Contents
August 31, 2022 and 2021

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Financial Statements:	
Statements of Financial Position	2 - 3
Statements of Activities	4 - 5
Statements of Changes in Net Assets	6
Statements of Cash Flows	7
Statements of Functional Expenses	8 - 9
Notes to Financial Statements	10 - 22

Independent Auditor's Report

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

Report on the Financial Statements

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, 2022 and 2021, 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, 2022 and 2021, 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 27, 2023

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, discount and allowance	-	-	-	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	1,971,110	-	1,971,110	-	1,971,110
Deferred revenue	1,603,986	-	1,603,986	-	1,603,986
Current portion of annuity payable	63,952	-	63,952	-	63,952
Current portion of accrued retirement	50,000	-	50,000	-	50,000
Total current liabilities	4,389,048	-	4,389,048	-	4,389,048
Annuity Payable, net of current portion	320,978	-	320,978	-	320,978
Accrued Retirement, net of current portion	912,357	-	912,357	-	912,357
Total liabilities	<u>5,622,383</u>	<u>-</u>	<u>5,622,383</u>	<u>-</u>	<u>5,622,383</u>
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	<u>12,172,445</u>	<u>6,724,829</u>	<u>18,897,274</u>	<u>34,006,820</u>	<u>52,904,094</u>
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 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	\$ 20,235,543	\$ 8,365,255	\$ 28,600,798	\$ 39,445,236	\$ 68,046,034
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,596,504	\$ -	\$ 1,596,504	\$ -	\$ 1,596,504
Deferred revenue	1,461,006	-	1,461,006	-	1,461,006
Current portion of annuity payable	63,954	-	63,954	-	63,954
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	4,512,828	-	4,512,828	-	4,512,828
Net Assets:					
Without donor restrictions:					
Operating, property and equipment and books and collections	15,722,715	-	15,722,715	-	15,722,715
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	15,722,715	8,365,255	24,087,970	39,445,236	63,533,206
Total liabilities and net assets	\$ 20,235,543	\$ 8,365,255	\$ 28,600,798	\$ 39,445,236	\$ 68,046,034

The accompanying notes are an integral part of these statements.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statement of Activities
For the Year Ended August 31, 2022

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	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 program restrictions	1,179,766	-	1,179,766	(1,179,766)	-
Satisfaction of time restrictions	1,697,557	1,467,147	3,164,704	(3,164,704)	-
Satisfaction of Board designations	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 (Expense):					
Endowment contributions	-	-	-	72,685	72,685
Capital contributions	-	-	-	40,000	40,000
Investment return designated for current operations	-	-	-	(1,095,976)	(1,095,976)
Write-off of irrevocable bequest	-	-	-	(1,478,321)	(1,478,321)
Investment return	(1,336,638)	(2,107,573)	(3,444,211)	(3,841,140)	(7,285,351)
Total non-operating revenue (expense)	(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

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 restriction	2,091,768	1,093,536	3,185,304	(3,185,304)	-
Satisfaction of Board designation	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:					
Endowment contributions	-	-	-	68,010	68,010
Investment return designated for current operations	-	-	-	(1,080,516)	(1,080,516)
Investment return	1,400,644	1,478,036	2,878,680	4,804,239	7,682,919
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

Statements of Changes in Net Assets
For the Years Ended August 31, 2022 and 2021

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</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	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	<u>\$ 12,172,445</u>	<u>\$ 6,724,829</u>	<u>\$ 18,897,274</u>	<u>\$ 34,006,820</u>	<u>\$ 52,904,094</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (10,629,112)	\$ 8,916,123
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Endowment contributions	(72,685)	(68,010)
Capital contributions	(40,000)	-
Change in reserve for uncollectible pledges receivable	(200,000)	40,924
Loss on disposal of property and equipment	-	25,890
Write-off of irrevocable bequest	1,478,321	-
Change in discount of pledges receivable	811,819	153,462
Depreciation	665,362	670,868
Bad debt	-	57,705
Change in value of split-interest agreements	58,797	104,569
Net realized and unrealized gains	7,505,932	(7,332,624)
Changes in operating assets and liabilities:		
Accounts receivable	(52,866)	29,994
Pledges receivable	(2,238,716)	(3,089,868)
Inventory	(14,732)	145,704
Books in process	(78,792)	8,344
Prepaid expenses	8,093	43,529
Accounts payable and accrued expenses	374,606	294,746
Deferred revenue	142,980	25,040
Annuity payable	57,815	(40,709)
Accrued retirement	(107,049)	126,766
Net cash provided by (used in) operating activities	<u>(2,330,227)</u>	<u>112,453</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(1,067,117)	(698,897)
Payments to annuitants	(58,797)	(84,720)
Purchase of investments	(1,133,356)	(5,720,657)
Proceeds from sale of investments	3,571,638	3,919,179
Net cash provided by (used in) investing activities	<u>1,312,368</u>	<u>(2,585,095)</u>
Cash Flows from Financing Activities:		
Collection of capital contributions	50,112	2,946,802
Collection of endowment contributions	93,764	55,448
Proceeds from note payable to a bank	1,250,000	-
Principal payments on note payable to a bank	(550,000)	(500,000)
Net cash provided by financing activities	<u>843,876</u>	<u>2,502,250</u>
Net Change in Cash	(173,983)	29,608
Cash:		
Beginning of year	<u>333,444</u>	<u>303,836</u>
End of year	<u>\$ 159,461</u>	<u>\$ 333,444</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 24,333</u>	<u>\$ 10,347</u>

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 Administrative	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
Depreciation	1,187	5,013	-	-	-	318,061	324,261	-	341,101	-	665,362
Printing and postage	69,690	8,744	774	38,047	312,820	155	430,230	29,438	9,429	154,755	623,852
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
Conferences and meetings	-	2,495	256,638	7,486	1,116	538	268,273	27,745	313	21,126	317,457
Utilities	-	-	-	-	-	-	-	-	220,383	-	220,383
Cost of goods sold	-	-	-	147,801	25,083	-	172,884	-	-	-	172,884
Contracted services	1,953	40,971	-	-	7,935	2,683	53,542	-	97,686	4,250	155,478
Office supplies	-	68,132	10,843	-	722	597	80,294	2,009	63,047	8,032	153,382
Program supplies	-	141,614	-	-	-	-	141,614	335	-	507	142,456
Insurance	-	-	-	-	-	-	-	-	106,361	-	106,361
Occupancy	-	52,030	-	33,474	-	-	85,504	-	18,993	-	104,497
Telephone	-	-	-	-	-	-	-	3,535	93,946	4,256	101,737
Miscellaneous	-	4,399	-	-	700	27	5,126	35,720	126	7,858	48,830
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
Interest	-	-	-	-	-	-	-	-	24,333	-	24,333
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

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 Administrative	Central Facility	Fundraising	Total
Payroll and Related:											
Salaries	\$ 171,723	\$ 1,315,349	\$ 679,644	\$ 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	52,448	401,441	207,997	4,074	328,109	197,540	1,191,609	24,971	99,435	299,776	1,615,791
Total payroll and related	224,171	1,716,790	887,641	17,430	1,403,988	845,343	5,095,363	1,200,599	420,298	1,226,884	7,943,144
Other:											
Professional services	90,857	32,601	20,378	14,108	10,530	407,638	576,112	117,165	-	299,730	993,007
Depreciation	1,187	1,680	-	-	-	297,321	300,188	-	370,680	-	670,868
Printing and postage	48,991	10,863	292	35,720	459,348	1	555,215	25,809	15,927	109,951	706,902
Repairs and maintenance	-	1,439	-	-	-	-	1,439	71,271	415,498	-	488,208
Travel	-	1,105	36,217	-	2,641	-	39,963	9,045	120	31,552	80,680
Conferences and meetings	-	6,668	44,566	-	1,186	-	52,420	2,110	97	7,444	62,071
Utilities	-	-	-	-	-	-	-	-	190,953	-	190,953
Cost of goods sold	-	-	-	191,607	49,086	-	240,693	-	-	-	240,693
Contracted services	-	51,337	-	19,596	10,499	-	81,432	-	56,233	8,038	145,703
Office supplies	57	39,883	72	-	263	-	40,275	3,354	65,068	11,102	119,799
Program supplies	-	56,958	-	-	6	-	56,964	-	-	299	57,263
Insurance	-	-	-	-	-	-	-	-	92,961	-	92,961
Occupancy	-	26,559	-	34,526	-	-	61,085	-	20,528	-	81,613
Telephone	-	-	-	-	-	-	-	3,828	98,641	4,698	107,167
Miscellaneous	1,623	2,830	-	-	-	2,157	6,610	55,013	-	4,932	66,555
Advertising	1,226	700	-	-	20	-	1,946	8,526	-	915	11,387
Dues and subscriptions	-	5,614	-	-	667	-	6,281	14,973	-	14,215	35,469
Interest	-	-	-	-	-	-	-	-	10,347	-	10,347
Content acquisition	-	2,775	-	-	-	-	2,775	-	-	-	2,775
Property taxes	-	-	-	-	-	-	-	-	16,951	-	16,951
Bad debt	-	42,875	-	8,372	-	-	51,247	6,458	-	-	57,705
Total other	143,941	283,887	101,525	303,929	534,246	707,117	2,074,645	317,552	1,354,004	492,876	4,239,077
Total expenses before central facility allocation and cost of goods sold	368,112	2,000,677	989,166	321,359	1,938,234	1,552,460	7,170,008	1,518,151	1,774,302	1,719,760	12,182,221
Central Facility Allocation	75,407	409,830	202,626	26,579	386,984	318,015	1,419,441	266,146	(1,774,302)	88,715	-
Less - cost of goods sold included with revenues on the statement of activities	-	-	-	(191,607)	(49,086)	-	(240,693)	-	-	-	(240,693)
Total expenses	\$ 443,519	\$ 2,410,507	\$ 1,191,792	\$ 156,331	\$ 2,276,132	\$ 1,870,475	\$ 8,348,756	\$ 1,784,297	\$ -	\$ 1,808,475	\$ 11,941,528

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

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 bequests.

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 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 3.38% and 3.53% as deemed appropriate by management.

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, 2020, were \$99,996.

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. There was no allowance for doubtful accounts receivable as of August 31, 2022 and 2021. See Note 6 for the allowance for potentially uncollectible pledges receivable.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

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, 2022 and 2021. 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, 2022 and 2021, \$1,095,976 and \$1,080,516, respectively, of investment returns were 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, 2022 and 2021, there was cumulative appreciation of donor restricted endowment net assets of \$523,142 and \$5,128,053, 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, 2022 and 2021

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, 2022 and 2021, \$1,000,000 and \$775,000, respectively, 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 (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, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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

	<u>2022</u>	<u>2021</u>
Donor restricted endowment held in perpetuity	\$ 16,358,331	\$ 16,285,646
Time restrictions	8,310,303	7,859,558
Purpose restrictions - Cornerstone Project (see Note 7)	6,567,273	7,605,518
Other purpose restrictions	1,496,927	1,520,740
Gift annuity funds	750,844	1,045,721
Appreciation on donor restricted endowment	<u>523,142</u>	<u>5,128,053</u>
	<u>\$ 34,006,820</u>	<u>\$ 39,445,236</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 membership 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, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers (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>2022</u>	<u>2021</u>
Membership fees	\$ 1,059,852	\$ 1,062,958
Research and other deposits	215,051	291,413
Tours and seminars	<u>329,083</u>	<u>106,635</u>
	<u>\$ 1,603,986</u>	<u>\$ 1,461,006</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.

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.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

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, 2022 and 2021. 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 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, 2022 and 2021, is included in Note 5.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

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 27, 2023, which is the date the financial statements were available to be issued. There were no subsequent events, other than that noted in Note 12, 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>2022</u>	<u>2021</u>
Cash	\$ 159,461	\$ 333,444
Investments without donor restrictions	10,887,922	15,335,132
Current portion of accounts and pledges receivable	3,136,162	1,865,604
Anticipated appropriation of endowment earnings	2,181,000	1,870,076
Less - program restricted pledges	(2,659,483)	(1,331,450)
Less - Board designated investments	<u>(6,724,829)</u>	<u>(8,365,255)</u>
Financial assets available to meet expenditures in the next twelve months	<u>\$ 6,980,233</u>	<u>\$ 9,707,551</u>

NEHGS's investments include donor restricted endowment funds totaling \$16,358,331 and \$16,285,646 as of August 31, 2022 and 2021, 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 \$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, 2022 and 2021

4. ENDOWMENTS

Changes in endowment net assets by class for the years ended August 31, 2022 and 2021, are as follows:

	Without Donor Restrictions Board Designated Endowment	With Donor Restrictions		Total Endowment
		Appreciation on Endowment	Endowment	
Endowment net assets, August 31, 2020	<u>\$ 6,268,683</u>	<u>\$ 2,248,664</u>	<u>\$ 16,217,636</u>	<u>\$ 24,734,983</u>
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	<u>1,433,543</u>	<u>3,840,703</u>	<u>-</u>	<u>5,274,246</u>
Total investment return	<u>1,478,036</u>	<u>3,959,905</u>	<u>-</u>	<u>5,437,941</u>
Contributions	1,393,536	-	68,010	1,461,546
Spending policy transfer	<u>(775,000)</u>	<u>(1,080,516)</u>	<u>-</u>	<u>(1,855,516)</u>
Sub-total	<u>618,536</u>	<u>(1,080,516)</u>	<u>68,010</u>	<u>(393,970)</u>
Endowment net assets, August 31, 2021	<u>8,365,255</u>	<u>5,128,053</u>	<u>16,285,646</u>	<u>29,778,954</u>
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	<u>(2,174,466)</u>	<u>(3,620,305)</u>	<u>-</u>	<u>(5,794,771)</u>
Total investment return	<u>(2,107,573)</u>	<u>(3,508,935)</u>	<u>-</u>	<u>(5,616,508)</u>
Contributions	1,467,147	-	72,685	1,539,832
Spending policy transfer	<u>(1,000,000)</u>	<u>(1,095,976)</u>	<u>-</u>	<u>(2,095,976)</u>
Sub-total	<u>467,147</u>	<u>(1,095,976)</u>	<u>72,685</u>	<u>(556,144)</u>
Endowment net assets, August 31, 2022	<u>\$ 6,724,829</u>	<u>\$ 523,142</u>	<u>\$ 16,358,331</u>	<u>\$ 23,606,302</u>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

5. INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
Endowment and other funds	\$ 32,972,494	\$ 42,544,940
Gift annuity funds (see Note 8)	1,135,774	1,431,633
457 Plan funds (see Note 10)	<u>566,313</u>	<u>642,222</u>
	<u>\$ 34,674,581</u>	<u>\$ 44,618,795</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, 2022 and 2021, summarized using fair value inputs (see Note 2), are as follows:

<u>Investment Type</u>	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
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>

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

5. INVESTMENTS (Continued)

Investment Type	2021			Total
	Level 1	Level 2	Level 3	
Common stock:				
Technology	\$ 2,317,250	\$ -	\$ -	\$ 2,317,250
Health services	1,086,103	-	-	1,086,103
Industrial and manufacturing	820,880	-	-	820,880
Finance	937,796	-	-	937,796
Consumer	853,655	-	-	853,655
Other	523,509	-	-	523,509
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 - index funds	505,499	-	-	505,499
Mutual funds - dividend growth fund	508,478	-	-	508,478
Real Estate Investment Trusts	288,935	-	-	288,935
	<u>\$ 43,976,573</u>	<u>\$ 642,222</u>	<u>\$ -</u>	<u>\$ 44,618,795</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:

	2022	2021
Amounts due in:		
Less than one year	\$ 3,213,294	\$ 1,795,602
One to five years	5,816,716	5,271,259
Over five years	2,975,978	3,868,720
	12,005,988	10,935,581
Less - discount	1,585,827	774,008
Less - allowance for uncollectible pledges	200,000	-
	10,220,161	10,161,573
Less - current portion, net	3,013,294	1,795,602
	<u>\$ 7,206,867</u>	<u>\$ 8,365,971</u>
Long-term pledges receivable, net		

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

6. PLEDGES RECEIVABLE (Continued)

NEHGS is the beneficiary of thirteen and eighteen irrevocable estate gifts at August 31, 2022 and 2021, totaling \$2,795,521 and \$4,551,868, 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 (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 estate pledges receivable have been discounted to their net present value using a 3.27% and 1.85% discount rate as of August 31, 2022 and 2021, 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, 2022 and 2021, also consist of commitments towards NEHGS's endowment and various programs. These pledges are recorded at their net present value using a 3.27% and 1.85% discount rate as of August 31, 2022 and 2021, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,226,872	\$ 2,226,872
Buildings and improvements	9,168,460	9,168,460
Website, furniture, equipment and software	5,861,557	5,566,241
Projects in progress	<u>1,537,929</u>	<u>766,128</u>
	18,794,818	17,727,701
Less - accumulated depreciation	<u>8,756,719</u>	<u>8,091,357</u>
	<u>\$ 10,038,099</u>	<u>\$ 9,636,344</u>

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

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 \$384,930 and \$385,912 at August 31, 2022 and 2021, 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, 2022 and 2021.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

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 (5.5% and 3.25% at August 31, 2022 and 2021, respectively), 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 an outstanding balance of \$700,000 as of August 31, 2022. There was no outstanding balance as of August 31, 2021.

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, 2022 and 2021, NEHGS contributed \$384,627 and \$147,256, 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 \$396,000 at August 31, 2022. As of August 31, 2022 and 2021, NEHGS has accrued \$396,044 and \$427,184, 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 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 accrued retirement as of August 31, 2022 and 2021, was \$566,313 and \$642,222, respectively, related to this plan. NEHGS contributed \$41,500 and \$28,100 to this plan during fiscal years 2022 and 2021, 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.

NEW ENGLAND HISTORIC GENEALOGICAL SOCIETY

Notes to Financial Statements
August 31, 2022 and 2021

12. SUBSEQUENT EVENT

In October 2022, NEHGS received a commitment from a bank to provide tax-exempt bond construction financing totaling \$15,000,000. The bond will have a fifteen-year term and require monthly interest-only payments for five years and then monthly principal and interest payments based on a twenty-five-year amortization through maturity. The interest rate will be determined upon closing of the financing. The bond proceeds will be used to fund a portion of the construction costs of the Cornerstone Project. The commitment also provides for a new \$6 million working capital revolving line of credit which bears interest at the one-month Secured Overnight Financing Rate plus 1.50%, with a floor of 3.00%.

13. RECLASSIFICATION

Certain amounts in the fiscal year 2021 financial statements have been reclassified to conform with the fiscal year 2022 presentation.