

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR YEAR ENDED JUNE 30, 2021)**



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(WITH SUMMARIZED COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2021)

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Massachusetts Historical Society, Inc.  
Boston, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Massachusetts Historical Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Historical Society, as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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, that raise substantial doubt about Massachusetts Historical Society's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 Massachusetts Historical Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts Historical Society'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.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 19, 2022

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 425,348	\$ -	\$ 425,348	\$ 965,790
Other Investments	1,636,744	1,488,091	3,124,835	3,526,825
Accounts and Grants Receivable, Net	51,680	204,370	256,050	266,461
Pledges Receivable, Net	-	-	-	9,250
Prepaid Expenses	145,977	-	145,977	144,630
Total Current Assets	<u>2,259,749</u>	<u>1,692,461</u>	<u>3,952,210</u>	<u>4,912,956</u>
<b>NONCURRENT ASSETS</b>				
Grants Receivable - Noncurrent, Net	-	-	-	139,960
Endowment Investments	41,625,414	86,044,034	127,669,448	137,542,351
Split-Interest Agreements	-	416,838	416,838	506,953
Property and Equipment, Net	9,769,800	-	9,769,800	10,093,024
Total Noncurrent Assets	<u>51,395,214</u>	<u>86,460,872</u>	<u>137,856,086</u>	<u>148,282,288</u>
Total Assets	<u>\$ 53,654,963</u>	<u>\$ 88,153,333</u>	<u>\$ 141,808,296</u>	<u>\$ 153,195,244</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 760,848	\$ -	\$ 760,848	\$ 688,959
Deferred Dues Revenue	7,925	-	7,925	92,022
Long-Term Debt - Current Portion	105,017	-	105,017	101,566
Total Current Liabilities	<u>873,790</u>	<u>-</u>	<u>873,790</u>	<u>882,547</u>
<b>NONCURRENT LIABILITIES</b>				
Split-Interest Agreements	-	244,534	244,534	254,256
Deferred Lease Revenue	341,735	-	341,735	348,403
Long-Term Debt, Net	787,798	-	787,798	888,277
Total Noncurrent Liabilities	<u>1,129,533</u>	<u>244,534</u>	<u>1,374,067</u>	<u>1,490,936</u>
Total Liabilities	2,003,323	244,534	2,247,857	2,373,483
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Undesignated	41,585,561	-	41,585,561	44,561,347
Trustee Designated	10,066,078	-	10,066,078	10,834,301
Total Without Donor Restrictions	<u>51,651,639</u>	<u>-</u>	<u>51,651,639</u>	<u>55,395,648</u>
With Donor Restrictions:				
Perpetual in Nature	-	17,651,666	17,651,666	17,556,658
Purpose and Time Restrictions	-	70,257,134	70,257,134	77,869,455
Total With Donor Restrictions	<u>-</u>	<u>87,908,800</u>	<u>87,908,800</u>	<u>95,426,113</u>
Total Net Assets	<u>51,651,639</u>	<u>87,908,800</u>	<u>139,560,439</u>	<u>150,821,761</u>
Total Liabilities and Net Assets	<u>\$ 53,654,963</u>	<u>\$ 88,153,333</u>	<u>\$ 141,808,296</u>	<u>\$ 153,195,244</u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>OPERATING REVENUE AND SUPPORT</b>				
Gifts	\$ 1,003,241	\$ 883,670	\$ 1,886,911	\$ 2,731,601
Grants	46,200	-	46,200	64,600
Endowment Support for Operations	3,946,173	-	3,946,173	3,716,784
Seminars, Conferences, Workshops, and Other Events	405,755	-	405,755	180,843
Members and Fellows Dues	109,917	-	109,917	76,535
Royalties, Reproductions, and Rights	73,088	-	73,088	32,314
Sales of Publications	1,348	-	1,348	700
Miscellaneous Income	32,374	-	32,374	30,126
Investment Income from Other Investments	(99,236)	-	(99,236)	107,912
Paycheck Protection Program Loan Forgiveness	-	-	-	767,600
Net Assets Released from Restrictions	4,485,376	(4,485,376)	-	-
Total Operating Revenue and Support	<u>10,004,236</u>	<u>(3,601,706)</u>	<u>6,402,530</u>	<u>7,709,015</u>
<b>OPERATING EXPENSES</b>				
Programs	4,950,592	-	4,950,592	4,433,233
Management and General	1,611,280	-	1,611,280	1,442,291
Fundraising	1,158,158	-	1,158,158	919,420
Total Operating Expenses	<u>7,720,030</u>	<u>-</u>	<u>7,720,030</u>	<u>6,794,944</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	2,284,206	(3,601,706)	(1,317,500)	914,071
<b>NONOPERATING ACTIVITIES</b>				
Endowment Activity:				
Investment Income (Loss), Net of Fees	(417,889)	(681,418)	(1,099,307)	(1,606,028)
Endowment Support for Investment Expenses	88,061	-	88,061	95,399
Purchase of Collections	(98,684)	-	(98,684)	(45,421)
Proceeds from Sale of Collections	-	-	-	127,000
Realized and Unrealized Loss on Investments	(1,565,469)	(3,234,189)	(4,799,658)	52,749,584
Endowment Draw for Operations	(3,946,173)	-	(3,946,173)	(3,716,784)
Endowment Draw for Investment Expenses	(88,061)	-	(88,061)	(95,399)
Total Nonoperating Activities	<u>(6,028,215)</u>	<u>(3,915,607)</u>	<u>(9,943,822)</u>	<u>47,508,351</u>
<b>CHANGE IN NET ASSETS</b>	(3,744,009)	(7,517,313)	(11,261,322)	48,422,422
Net Assets - Beginning of Year	<u>55,395,648</u>	<u>95,426,113</u>	<u>150,821,761</u>	<u>102,399,339</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 51,651,639</u>	<u>\$ 87,908,800</u>	<u>\$ 139,560,439</u>	<u>\$ 150,821,761</u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (11,261,322)	\$ 48,422,422
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Debt Forgiveness	-	(767,600)
Depreciation	456,908	463,276
Amortization of Finance Costs	4,539	4,539
Gifts and Grants Received for Endowment	(60,000)	(259,450)
Proceeds from Sale of Collections	-	(127,000)
Investment (Income) Loss, Net of Management Fees, Reinvested	1,099,307	1,606,028
Increase (Decrease) in Fair Value of Investments	4,799,658	(52,749,584)
(Increase) Decrease in:		
Accounts and Grants Receivable	150,371	131,532
Pledges Receivable	9,250	(9,250)
Other Investments	401,990	-
Split-Interest Agreements	90,116	(107,114)
Prepaid Expenses	(1,347)	(22,547)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	79,812	116,288
Liability for Split-Interest Agreements	(9,721)	36,684
Deferred Revenue	(92,022)	(5,386)
Net Cash Used by Operating Activities	(4,332,461)	(3,267,162)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(223,351)	(214,944)
Gifts and Grants Invested	60,000	259,450
Proceeds from Sale of Collections	-	127,000
Investment Sales	13,481,252	20,643,992
Investment Purchases	(9,424,315)	(17,142,768)
Net Cash Provided by Investing Activities	3,893,586	3,672,730
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Debt Principal Payments	(101,566)	(98,229)
Net Cash Used by Financing Activities	(101,566)	(98,229)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(540,441)	307,339
Cash and Cash Equivalents - Beginning of Year	965,790	658,452
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 425,349	\$ 965,791

See accompanying Notes to Financial Statements.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	2022	2021
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Bank Loan Interest Paid	\$ 31,073	\$ 34,467
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY</b>		
Additions to Property and Equipment for Capital Projects in Process Included in Accounts Payable and Accrued Expenses	\$ -	\$ 90,184

See accompanying Notes to Financial Statements.



**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 1 ORGANIZATION**

The Massachusetts Historical Society, Inc. (the Society) was founded in 1791 as an independent research library and center of learning that collects, preserves, makes accessible, and communicates manuscripts and other materials in order to promote the study of history of Massachusetts and the nation.

The Society provides the following programs:

**Collections Storage, Services, and Library**

The Society's extraordinary collections tell the story of America through millions of rare and unique documents, artifacts, and national treasures, including the personal papers of three presidents – John Adams, John Quincy Adams, and Thomas Jefferson. Through its research library, online resources, publications, exhibitions, and programs, the Society makes its holdings accessible to anyone with an interest in the people and events that shaped our country.

**Education, Exhibitions, and Events**

The Society's exhibitions celebrate the perspective American history brings to our own time and illustrate how it sustains our republic and guides our future. As one of the region's major venues for history presentations, the Society produces exhibitions that are thematic, tell stories, and explore turning points in history.

Continuing to develop a vibrant selection of public and education programs enables the Society to enhance the understanding of our Nation's past and its connection to the present, demonstrating that history is not just a series of events that happened to individuals long ago, but is integral to the fabric of our daily lives.

The Society offers an engaging array of programs and resources for K-12 teachers and students. These include workshops, curriculum and other online resources, and fellowships. The Society is committed to using its unique resources to improve and support the teaching of American history and civics in K-12 classrooms and is among the nation's premier resource providers for educators.

**Publications and Research**

The Society fosters a research community that actively promotes the study of the history of Massachusetts and the nation. The Society offers an exceptional range of resources for making and sharing historical discoveries. Visitors can enjoy public talks, tours, exhibitions, scholarly seminars, and conferences. They can also gain access to unparalleled collections through a research library, podcast, and website.

The Society began publishing in 1792 and is one of the oldest continually operating publishers in the United States. Through this program, the Society makes available printed volumes, electronic publications, and a scholarly journal.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Society is required under GAAP to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent those assets which the Society may use at its discretion.

*Net Assets With Donor Restrictions* – Net assets subject to grantor/donor-imposed stipulations that may or will be met by actions of the Society and/or the passage of time. This also includes contributions which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Society considers all highly liquid investments without restrictions with an initial maturity of three months or less to be cash equivalents.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as revenue in the period when earned. The Society recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Donor-restricted revenue and support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Society's revenue is derived from cost-reimbursable federal contracts and grants, which are conditional grants based on certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as earned and are reported as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. As of June 30, 2022, there were no conditional contributions that have not yet been recognized in the financial statements.

To determine revenue recognition for the arrangements that the Society determines are within the scope of Topic 606, the Society performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Society satisfies a performance obligation. Member and fellow dues, royalties, reproductions, and rights revenue, and sales of publications revenue are recognized as the related services and/or goods are provided. Unearned member dues are reflected as deferred dues revenue on the statement of financial position.

**Accounts, Grants, and Pledges Receivable**

Accounts, grants, and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. As of June 30, 2022 and 2021, management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Pledges receivable are unconditional promises to give that are recognized as revenue in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges and grants receivable that are expected to be collected within one year are recorded at their realizable value. Pledges and grants receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is included in gifts and grant revenue.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Society carries its investments in Split-Interest Agreements, other investments, and endowment funds in the statement of financial position at their fair values as further described in Note 12.

Unrealized gains and losses on endowment and other investments are included in the change in net assets in the accompanying statement of activities. The investment income, realized and unrealized gains and losses, and investment expenses are included in the increase (decrease) in net assets from non-operating activities unless the income or loss is restricted by donor or law.

**Investment Pools**

The Society maintains separate master investment accounts for its split-interest agreements, endowment funds, and its other investments. Investment income, investment expenses, and realized and unrealized gains and losses from investments in the master investment accounts are allocated to the individual endowment funds and other investment funds based on the relationship of the fair value of each fund to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts during the year.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property.

Building and Building Renovations	10 to 50 Years
Furniture and Technology Equipment	3 to 25 Years

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicated the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

**Deferred Revenue**

The Society leases a building it owns to an unrelated nonprofit organization for a period of 75 years, expiring August 18, 2074. The entire lease payment was received at the inception of the lease and is being amortized ratably over the lease term. The Society also defers recognition of membership dues until the revenue is earned.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Collections**

The Society's collections are made up of manuscripts, rare books, pamphlets, reference works, art objects, and other artifacts of historical significance that are held for educational, research, historic, and curatorial purposes. Each of these items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

The collections, which were acquired through purchases and donor contributions since the Society's inception, are not recognized as assets on the statement of financial position. Purchases of collections are recorded as a reduction in the appropriate class of net assets in the statement of activities. Proceeds from sales of collections are reflected in the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

**Financing Costs**

Financing costs associated with obtaining financing are capitalized and amortized over the term of the loan using the straight-line method, which approximates the effective interest method. Deferred financing costs are reported net against long-term debt (see Note 9).

**Income Taxes**

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Society is also exempt from Massachusetts income taxes. However, income from certain activities not directly related to the Society's tax-exempt purpose may be subject to taxation as unrelated business income at both the state and federal levels. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Society evaluates all significant tax positions. As of June 30, 2022, the Society does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next 12 months. The Society's income tax returns are subject to examination by the appropriate taxing jurisdictions; however, there are no examinations in process.

**Total Return Spending Policy**

The Society utilizes a total return policy with respect to its use of endowment assets. The trustees set an annual spending amount from endowment assets for support of operations computed on a trailing 12-quarter quarterly average market value basis and approve a specific spending percentage for operations each fiscal year as part of approving the Society's annual operating budget. Investment fees and expenses are paid directly from investments. The spending percentage for operations for both of the years ended June 30, 2022 and 2021 was 4.5%. In June 2022, the trustees approved a spending percentage of 5.5% for fiscal year 2023.

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Expense Allocation**

The operating costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The Society reports certain categories of expenses that are attributable to one or more program or supporting functions. Expenses are directly coded to programs or supporting functions whenever possible. Expenses that are attributable to multiple programs or supporting functions are allocated on a reasonable basis that is consistently applied. Those expenses include occupancy, information technology, and certain office expenses, which are allocated based on estimates of time and effort related to the programs and supporting services. Depreciation is allocated based on square footage related to the programs and supporting services.

**Donor-Restricted Endowment Assets**

The Commonwealth of Massachusetts adopted the Uniform Prudent, Management of Institutional Funds Act (UPMIFA) effective June 30, 2009. The Society's policies as to the classification and appropriation of donor restricted endowment funds are described below and are consistent with the requirements of UPMIFA.

The Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor's gift instructions at the time the accumulation is added to the fund.

The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term, return objectives within prudent risk constraints.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Return Objectives and Risk Parameters**

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period, and board of trustee-designated funds.

In connection with the annual budgeting process, the investment committee, after reviewing the conditions of the financial markets and consultation with investment advisors, concluded that the Society's estimates of the returns on endowment assets should provide for an expected long-term total net real (inflation-adjusted) rate of return of approximately 4.6% or more annually while assuming a moderate level of investment risk.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Society has a policy of appropriating for distribution each year a spending percentage of invested assets computed on a trailing 12-quarter quarterly average of its endowment asset market values. In establishing this policy, the Society considered the long-term expected returns on its endowment assets. Accordingly, over the long-term, the Society expects the spending policy to allow its endowment to grow at a rate in excess of inflation. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets.

The cumulative net unspent appreciation on investments with donor restrictions is accounted for as net assets with donor restrictions and together with unspent appreciation on unrestricted endowment funds is not available for distribution, except by the express appropriation action of the board of trustees of the Society.

**New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The effective date for the Society is for annual periods beginning after December 15, 2021, however, early application is permitted. The Society is currently evaluating the impact this guidance will have on its financial statements.

**Subsequent Events**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through December 19, 2022, the date the financial statements were available to be issued.

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**NOTE 3 ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivable at June 30 consist of the following:

	2022	2021
Accounts Receivable	\$ 51,680	\$ 110,204
Federal Grants Receivable	204,370	229,432
Total Grants Receivable	204,370	229,432
Less: Discount to Net Present Value	-	(3,215)
Grants Receivable, Net	204,370	226,217
Accounts and Grants Receivable, Net	\$ 256,050	\$ 336,421
Current Portion	\$ 256,050	\$ 266,461
Due After One Year	-	143,175
Less: Discount to Net Present Value	-	(3,215)
Due After One Year, Net	-	139,960
Accounts and Grants Receivable, Net	\$ 256,050	\$ 406,421

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable at June 30 consist of the following:

	2022	2021
Amounts Due in Less than One Year	\$ -	\$ 9,250
Pledges Receivable, Net	\$ -	\$ 9,250

**NOTE 5 SPLIT-INTEREST AGREEMENTS**

The Society administers various agreements through charitable remainder trusts and annuities. These agreements provide for the payment of distributions to the grantor or other designated beneficiaries over the terms of the agreement. At the end of the term, the remaining assets are available for the Society's use. The portion of the agreements attributable to the present value of the future benefits to be received by the Society is recorded in the statements of activities as gift revenue with donor restrictions in the period the agreement is established. In 2022 and 2021, new gifts of \$1,543 and \$24,681 were received, respectively. Investment assets held under these agreements are managed by an investment advisor and held in a brokerage account. They are carried at their fair value in the Society's statements of financial position. The fair value of these investments is based on unadjusted quoted prices in active markets that are accessible at June 30, 2022 and 2021 for identical securities without donor restrictions and are classified as Level 1 in the fair value information in Note 12. On an annual basis, the Society revalues the present value liability for future distributions to the designated beneficiaries based on updated actuarial assumptions. The present value of the estimated future liability for payments to grantors at June 30, 2022 and 2021 is calculated using discount rates ranging from 1.2% to 6.2% and applicable mortality tables.



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**NOTE 6 ENDOWMENT INVESTMENTS**

Endowment investment funds are carried at their aggregate fair value and consist of the following as of June 30:

	2022	2021
Global Equities	\$ 15,603,267	\$ 20,664,814
Global Fixed Income	5,931,410	5,406,510
Hedge Funds	2,009,879	4,724,970
Limited Partnerships	104,124,892	106,746,057
Total Endowment Investments Funds	<u>\$ 127,669,448</u>	<u>\$ 137,542,351</u>

The Society, under the direction of its investment committee and in consultation with its investment advisors, has selected several independent investment fund managers to manage specific allocations of its endowment investment funds in accordance with an investment policy approved by the trustees of the Society. The investment fund managers' report monthly transactions and month-end fair values based on the Society's net asset value in the respective funds.

Changes in endowment net assets consisted of the following as of June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - June 30, 2020	\$ 29,178,126	\$ 60,354,165	\$ 89,532,291
Investment Income, Net of Investment Fees	(588,154)	(1,017,874)	(1,606,028)
Realized and Unrealized Gain	17,206,604	35,542,980	52,749,584
Reclassification	-	337,658	337,658
Deaccession Proceeds	-	127,000	127,000
Direct Expenditures	(45,421)	-	(45,421)
Spending Allowed (Draw for Operations and Expenses)	(962,324)	(2,849,859)	(3,812,183)
Additions (New Gifts)	-	259,450	259,450
Balance - June 30, 2021	<u>\$ 44,788,831</u>	<u>\$ 92,753,520</u>	<u>\$ 137,542,351</u>
Investment Income, Net of Investment Fees	(329,828)	(681,418)	(1,011,246)
Realized and Unrealized Losses	(1,565,469)	(3,234,189)	(4,799,658)
Reclassification	10,919	-	10,919
Direct Expenditures	(186,745)	-	(186,745)
Spending Allowed (Draw for Operations and Expenses)	(1,092,294)	(2,853,879)	(3,946,173)
Additions (New Gifts)	-	60,000	60,000
Balance - June 30, 2022	<u>\$ 41,625,414</u>	<u>\$ 86,044,034</u>	<u>\$ 127,669,448</u>

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**NOTE 6 ENDOWMENT INVESTMENTS (CONTINUED)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Society to retain as a fund of perpetual nature. Deficiencies of this nature are reported in net assets with donor restriction. As of June 30, 2022, the original value of such funds totaled \$7,017,879 and the market value was \$7,017,835, resulting in a deficiency of approximately \$44 due to unfavorable market conditions. As of June 30, 2021, the original value of such funds totaled \$4,571,994 and the market value was \$4,571,946, resulting in a deficiency of approximately \$48 due to unfavorable market conditions. The total return spending policy described in Note 2 permits the Society's calculation to include underwater endowment funds, unless otherwise precluded by donor intent or regulations.

The following schedule summarizes the components of investment return for the years ended June 30:

	2022	2021
Interest and Dividends	\$ 194,984	\$ 174,142
Realized and Unrealized (Losses) Gains	(4,799,658)	52,749,585
Investment Fees	(1,206,230)	(1,780,171)
Total	<u>\$ (5,810,904)</u>	<u>\$ 51,143,556</u>

The above investment fees include custodial fees and investment advisory fees charged by the Society's investment managers. Fees for both years also include investment advisory and professional services of \$88,061 and \$95,399 for the years ended June 30, 2022 and 2021, respectively, paid to the Society's investment advisor.

**NOTE 7 OTHER INVESTMENTS**

Other investments are composed of the following as of June 30:

	2022	2021
Cash, Cash Equivalents, and Corporate Bonds	<u>\$ 3,124,834</u>	<u>\$ 3,526,824</u>

These investments are managed by an investment advisor and held in a brokerage account. They are carried at their fair value in the Society's statements of financial position. The fair value of these investments is based on unadjusted quoted prices in active markets that are accessible at June 30, 2022 and 2021 for identical unrestricted securities and are classified as Level 1 in the fair value information in Note 12.

Investment return includes interest and dividend income in the amount of \$73,370 and \$77,739 for the years ended June 30, 2022 and 2021, respectively.

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**NOTE 8 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following major classifications as June 30:

	2022	2021
Land	\$ 200,000	\$ 200,000
Buildings and Building Renovations	16,901,047	16,831,228
Furniture and Technology Equipment	517,979	1,082,459
Capital Projects in Process	120,805	213,594
Total Property and Equipment	17,739,831	18,327,281
Less: Accumulated Depreciation	(7,970,033)	(8,234,257)
Property and Equipment, Net	\$ 9,769,798	\$ 10,093,024

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$456,908 and \$463,276, respectively. As of June 30, 2022 and 2021, the building under lease was fully depreciated. However, land for the leased building is not depreciated and has a net book value of \$175,000 and is included in property and equipment at June 30, 2022 and 2021.

**NOTE 9 LONG-TERM DEBT, NET**

Long-term debt consists of the following at June 30:

	2022	2021
Balance Due Under Long-Term Debt		
Agreement Described Below	\$ 924,592	\$ 1,026,158
Less: Current Portion	(105,017)	(101,566)
Less: Unamortized Deferred Finance Costs	(31,777)	(36,315)
Total Long-Term Debt, Net	\$ 787,798	\$ 888,277

Amortization of financing costs of \$4,539 is included in long-term debt interest and fees in the schedule of functional expenses for the years ended June 30, 2022 and 2021.

On April 1, 2015, the Society entered into long-term debt agreements with the Massachusetts Development Finance Agency, First Republic Lending Corp, and First Republic Bank pursuant to which the Massachusetts Development Finance Agency loaned to the Society the proceeds of the sale of a \$1,500,000, 3.3%, tax exempt revenue note designated the Massachusetts Historical Society Issue, Series 2015 to First Republic Lending Corp. Proceeds from the note were used to finance two major projects; the restoration of the balustrade and roofs of its facilities on Boylston Street and the installation of enhanced audio visual systems and equipment in three public rooms.

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**NOTE 9 LONG-TERM DEBT, NET (CONTINUED)**

Under the terms of the loan agreements the Society drew down \$1,500,000 to fund the project costs. The loan is for a 15-year term with interest, fixed at 3.3%, paid monthly on the outstanding amount. Commencing on May 9, 2016 and on each monthly payment date thereafter, equal payments of principal and interest will be payable in an amount necessary to fully amortize the then outstanding principal amount of the note and interest by the maturity date April 9, 2030. Up to 20% of the outstanding balance of the loan may be prepaid without premium from internal sources in any fiscal year and the entire loan may be prepaid without premium after the fifth year.

Maturities of the long-term debt are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 105,017
2024	108,516
2025	112,272
2026	116,087
2027	120,031
Thereafter	362,669

The long-term debt is collateralized by gross receipts, accounts receivable, equipment, inventory, and general intangibles, and any insurance proceeds thereof. Collateral excludes all collections, all investment securities, and property and the real property of the Society located on Boylston Street, Boston, Massachusetts. The Society has also made a negative pledge that it will not encumber in any manner or dispose this real property except in accordance with the terms of the loan. In addition, the agreements contain certain covenants that, among other things, require the Society to maintain specified levels of (a) unrestricted liquidity and (b) total endowment assets each to be tested on June 30 and December 31 for the term of the agreement.

**NOTE 10 PENSION PLANS**

The Society has a defined contribution retirement plan for its employees administered by TIAA (formally the Teachers Insurance and Annuity Association of America). The Society made matching contributions of \$138,248 and \$135,342 for the years ended June 30, 2022 and 2021, respectively.

Since April 1, 2006, the Society has sponsored a deferred compensation plan for certain eligible employees under Internal Revenue Service (IRS) code 457(b). All contributions to the plan are made by employees and there are no contributions made by the Society.

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**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash balances in its operating bank accounts; accounts receivable, grants receivable, and pledges receivable, and other investments. The Society's cash balances at its commercial bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, approximately \$143,425 was in excess of those limits. Credit risk in accounts receivable, grants receivable, and pledges receivable are limited due to the large number of contributors comprising the Society's contributor base and their dispersion across different industries, government sectors, and geographic areas. Other investments are invested in cash, money market funds, and short duration U.S. treasuries and highly rated corporate bonds.

**NOTE 12 FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for reporting fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Except for investments reported at net asset value or its equivalent (NAV) as a practical expedient to estimate fair value, the Society uses a three-tiered hierarchy to categorize those assets carried a fair value based on the valuation methodologies employed. The hierarchy is described as follows:

*Level 1* – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2* – Other significant observable inputs (including quoted prices in markets that are not considered to be active or similar financial instruments for which all significant inputs are observable, either directly or indirectly).

*Level 3* – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs used in valuing securities are not necessarily an indication of the risk or liquidity associated with investing in the respective financial instruments.

Short-term investments including cash and cash equivalents, corporate bonds, and global equities are classified as Level 1 of the fair value hierarchy because their fair values are based on quoted prices for identical securities. The remaining investments of the Society are considered alternative investments and do not have readily determinable fair values. Investments that do not have readily determinable fair values are valued using the investments net asset value as the practical expedient. The Society summarizes alternative investments by significant investment category consisting of (1) global equities, (2) global fixed income, (3) hedge funds, and (4) limited partnerships.

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**NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)**

The disclosure criteria described above is used by the Society to present the following information about the fair values of its investments in the statements of financial position classified according to the method for determining such fair values for the years ended June 30 are as follows:

	June 30, 2022				Investments Measured at Net Asset Value
	Fair Value Measurements at Report Date Using			Significant Unobservable Inputs (Level 3)	
Total	Quoted Prices for Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Significant Unobservable Inputs (Level 3)
<b>Other Investments:</b>					
Cash, Cash Equivalents, and Corporate Bonds	\$ 3,124,935	\$ 3,124,935			\$ -
<b>Endowment Investments:</b>					
Global Equities	\$ 15,603,267	\$ 719,215	\$ -	\$ -	\$ 14,884,052
Global Fixed Income	5,931,410	-	-	-	5,931,410
Hedge Funds	2,009,879	-	-	-	2,009,879
Limited Partnerships	104,124,892	-	-	-	104,124,892
Total	<u>\$ 127,669,448</u>	<u>\$ 719,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,950,233</u>
<b>Split-Interest Agreements:</b>					
Cash, Cash Equivalents	\$ 4,867	\$ 4,867			
Global Equities	237,077	237,077			
Global Fixed Income	174,894	174,894			
Total	<u>\$ 416,838</u>	<u>\$ 416,838</u>			
<b>June 30, 2021</b>					
	Fair Value Measurements at Report Date Using				Investments Measured at Net Asset Value
	Total	Quoted Prices for Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Other Investments:</b>					
Cash, Cash Equivalents, and Corporate Bonds	\$ 3,526,825	\$ 3,526,825			\$ -
<b>Endowment Investments:</b>					
Global Equities	\$ 20,664,814	\$ 2,299,763	\$ -	\$ -	\$ 18,365,051
Global Fixed Income	5,406,510	-	-	-	5,406,510
Hedge Funds	4,724,970	-	-	-	4,724,970
Limited Partnerships	106,746,057	-	-	-	106,746,057
Total	<u>\$ 137,542,351</u>	<u>\$ 2,299,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,242,588</u>
<b>Split-Interest Agreements:</b>					
Cash, Cash Equivalents	\$ 18,515	\$ 18,515			
Global Equities	285,940	285,940			
Global Fixed Income	202,498	202,498			
Total	<u>\$ 506,953</u>	<u>\$ 506,953</u>			

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**NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following presents the Society's liquidity for investments measured at net asset value as of June 30, 2022:

Investments Measured at NAV:	Net Asset Value	Daily	Monthly	Quarterly	Semi-Annual to Annual	Over 1 Year	Days Notice
Global Equities <sup>1</sup>	\$ 14,884,052	\$ -	\$ -	\$ 7,365,893	\$ 1,954,049	\$ 5,564,110	1 - 180 Days
Global Fixed Income	5,931,410	5,931,409	-	-	-	-	1 - 10 Days
Hedge Funds	2,009,879	-	-	669,960	-	1,339,919	60 Days
Limited Partnerships	104,124,892	-	-	1,370,203	12,150,344	90,604,345	90 Days - 360 Days
<b>Total</b>	<b>\$ 126,950,233</b>	<b>\$ 5,931,409</b>	<b>\$ -</b>	<b>\$ 9,406,056</b>	<b>\$ 14,104,393</b>	<b>\$ 97,508,374</b>	

1 - \$3,369,792 subject to a 3 year lock up

There were no unfunded commitments for limited partnerships as of June 30, 2022.

The following presents the Society's liquidity for investments measured at net asset value as of June 30, 2021:

Investments Measured at NAV:	Net Asset Value	Daily	Monthly	Quarterly	Semi-Annual to Annual	Over 1 Year	Days Notice
Global Equities	\$ 18,365,051	\$ -	\$ -	\$ 7,020,936	\$ 3,893,647	\$ 7,450,468	1 - 180 Days
Global Fixed Income	5,406,510	663,789	4,742,721	-	-	-	1 - 10 Days
Hedge Funds	4,724,970	-	-	1,574,990	-	3,149,980	60 Days
Limited Partnerships <sup>1 and 2</sup>	106,746,057	-	-	1,410,304	13,539,135	91,796,618	90 Days - 360 Days
<b>Total</b>	<b>\$ 135,242,588</b>	<b>\$ 663,789</b>	<b>\$ 4,742,721</b>	<b>\$ 10,006,230</b>	<b>\$ 17,432,782</b>	<b>\$ 102,397,066</b>	

1 - \$3,678,469 subject to a 5 year lock up

2 - \$2,863,485 subject to a 3 year rolling lock up

There were no unfunded commitments for limited partnerships as of June 30, 2021.

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**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30:

	2022		2021	
	Net Assets Not Invested in Perpetuity	Net Assets Invested in Perpetuity	Net Assets Not Invested in Perpetuity	Net Assets Invested in Perpetuity
General Support	\$ 45,116,213	\$ 9,856,061	\$ 50,214,634	9,811,511
Library Operations	15,279,864	3,035,285	16,675,909	3,029,266
Publications	7,197,918	1,591,501	7,868,145	1,588,345
Special Purposes	2,663,139	3,168,819	3,110,767	3,127,536
Total	<u>\$ 70,257,134</u>	<u>\$ 17,651,666</u>	<u>\$ 77,869,455</u>	<u>\$ 17,556,658</u>

**NOTE 14 TRUSTEE DESIGNATED NET ASSETS**

The Society's Trustees' have designated net assets without donor restrictions for the following purposes as of June 30:

	2022	2021
Designated by Trustees, Not in Perpetuity:		
General Support Funds	\$ 1,537,650	\$ 1,654,350
Library Funds	3,652,530	3,933,997
Publication Funds	4,875,898	5,245,954
Total	<u>\$ 10,066,078</u>	<u>\$ 10,834,301</u>

**NOTE 15 AVAILABLE RESOURCES AND LIQUIDITY**

The Society regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Society has various sources of liquidity at its disposal, including cash and cash equivalents, equities, and fixed income securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Society considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Society operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.



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**NOTE 15 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)**

As of June 30, 2022 and 2021, the following tables show the total liquid financial assets held by the Society and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 425,348	\$ 965,790
Accounts Receivable, Net	256,050	266,461
Gifts Receivable, Net	-	9,250
Investments Convertible to Cash in the Next 12 Months	<u>31,797,818</u>	<u>36,372,347</u>
Total	<u>\$ 32,479,216</u>	<u>\$ 37,613,848</u>
Financial Assets Available To Meet General Expenditures Over the Next 12 Months:		
Cash and Cash Equivalents	\$ 425,348	\$ 762,646
Accounts Receivables	51,680	110,204
Current Portion of Gifts Receivable, Net	-	9,250
Appropriated Earnings from Endowment	<u>5,807,343</u>	<u>3,946,173</u>
Total	<u>\$ 6,284,371</u>	<u>\$ 4,828,273</u>

Per the spending policy described in Note 2, the spending percentage for operations for both of the years ended June 30, 2022 and 2021 was 4.5%.

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**NOTE 16 FUNCTIONAL EXPENSES**

Expenses are classified on a functional basis as follows for the years ended June 30:

	2022					2021	
	Program Services			Supporting Services		Total	
	Collections Storage, Services, and Library	Publications and Research	Education, Exhibitions, and Events	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Payroll Taxes, and Benefits	\$ 1,622,433	\$ 1,553,373	\$ 319,160	\$ 3,494,966	\$ 802,243	\$ 746,208	\$ 4,813,892
Occupancy Costs	177,830	104,675	55,500	338,005	80,168	75,100	477,272
Depreciation	172,371	106,484	44,454	323,309	78,032	55,567	463,276
Grant Funded Program Expenses:							
Admin	-	-	-	-	95,548	-	95,548
Research Fellowships and Projects	-	-	-	-	-	180	180
Education and Public Programs	-	356,535	-	356,535	-	3,221	359,756
Collections Processing	-	-	72,298	72,298	-	-	72,298
Exhibits	78,010	-	-	78,010	-	-	78,010
Books and Manuscripts	-	-	225	225	-	225	494
Offsite Storage	4,297	322	-	4,619	75	-	4,694
Printing	6,168	-	-	6,168	-	-	6,168
Long-Term Debt Interest and Fees	-	19,733	-	19,733	-	19,457	28,484
Advertising and Public Relations	-	-	-	-	36,943	-	40,483
Audit and Tax	-	-	-	-	-	17,158	6,627
Legal	-	-	-	-	47,670	-	47,560
Computer Supplies, Software, and Support	51,303	28,295	14,169	93,767	-	-	15,738
Seminars and Conferences	-	2,778	-	2,778	33,481	53,361	147,636
Conservation	14,281	-	-	14,281	-	-	180,609
Consulting and Outside Services	92,181	20,654	7,692	120,527	-	-	2,778
Cultivation, Meetings, and Events	-	1,838	294	2,132	372,120	28,090	14,281
Sponsorship Expense	-	500	-	500	42,778	142,961	520,737
Office Supplies and Expenses	9,973	5,409	3,212	18,594	3,257	500	187,871
Postage	402	924	130	1,456	931	10,791	500
Dues and Subscriptions	1,823	867	-	2,690	18,033	900	27,018
Total Expenses	\$ 2,231,072	\$ 2,202,387	\$ 517,134	\$ 4,950,593	\$ 1,611,279	\$ 1,158,161	\$ 7,720,032
							\$ 6,794,944

**MASSACHUSETTS HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS AS OF AND FOR YEAR ENDED JUNE 30, 2021)**

**NOTE 17 PAYCHECK PROTECTION PROGRAM**

The Society applied for and was approved for a \$767,600 loan under the Paycheck Protection Program (PPP Loan) created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration (SBA). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Society fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The covered period to spend their funds was for 24 weeks following receipt of the funds in April 2020. The loan was uncollateralized and fully guaranteed by the federal government.

On June 7, 2021, the Society received a letter from First Republic Bank stating that the PPP Loan principal and interest was forgiven in full by the Small Business Administration. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Society's financial position.