

FINANCIAL STATEMENTS

**SECURITIES AND EXCHANGE
COMMISSION HISTORICAL SOCIETY**

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Securities and Exchange Commission Historical Society
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Securities and Exchange Commission Historical Society (the Society), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the Society'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 generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited the Society's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information Included in the Society's Annual Report

Management is responsible for the other information included in the Society's annual report. The other information comprises the Chairman's Statement and Management's Report on the mission-related projects undertaken during the fiscal year but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



April 22, 2024

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 278,972	\$ 1,118,169
Investments	1,195,411	309,605
Contributions receivable	32,053	35,830
Prepaid expenses	<u>3,010</u>	<u>4,070</u>
Total current assets	<u>1,509,446</u>	<u>1,467,674</u>
EQUIPMENT AND SOFTWARE		
Equipment	-	4,250
Computer software	14,743	14,743
Less: Accumulated depreciation and amortization	<u>(14,743)</u>	<u>(18,993)</u>
Net equipment and software	<u>-</u>	<u>-</u>
OTHER ASSETS		
Virtual Museum and Archive Collection	2,626,842	2,569,116
Donated artwork	25,000	25,000
Security deposit	<u>298</u>	<u>3,636</u>
Total other assets	<u>2,652,140</u>	<u>2,597,752</u>
TOTAL ASSETS	<u>\$ 4,161,586</u>	<u>\$ 4,065,426</u>

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ <u>21,318</u>	\$ <u>42,163</u>
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NET ASSETS

Without donor restrictions:		
Undesignated	163,042	247,621
Investment in Virtual Museum and Archive Collection	2,626,842	2,569,116
Board Designated reserve fund	<u>1,314,384</u>	<u>1,174,026</u>
Total without donor restrictions	4,104,268	3,990,763
With donor restrictions	<u>36,000</u>	<u>32,500</u>
Total net assets	<u>4,140,268</u>	<u>4,023,263</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,161,586</u>	<u>\$ 4,065,426</u>

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 333,830	\$ 66,000	\$ 399,830	\$ 352,818
Investment income (loss), net	66,680	-	66,680	(27,292)
Contributed services	55,000	-	55,000	85,925
Other income	500	-	500	302
Net assets released from donor restrictions	<u>62,500</u>	<u>(62,500)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>518,510</u>	<u>3,500</u>	<u>522,010</u>	<u>411,753</u>
EXPENSES				
Program Services:				
Virtual Museum and Archive	<u>140,143</u>	<u>-</u>	<u>140,143</u>	<u>228,411</u>
Supporting Services:				
General and Administrative	207,364	-	207,364	146,521
Development and Fundraising	<u>57,498</u>	<u>-</u>	<u>57,498</u>	<u>63,689</u>
Total supporting services	<u>264,862</u>	<u>-</u>	<u>264,862</u>	<u>210,210</u>
Total expenses	<u>405,005</u>	<u>-</u>	<u>405,005</u>	<u>438,621</u>
Change in net assets	113,505	3,500	117,005	(26,868)
Net assets at beginning of year	<u>3,990,763</u>	<u>32,500</u>	<u>4,023,263</u>	<u>4,050,131</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,104,268</u>	<u>\$ 36,000</u>	<u>\$ 4,140,268</u>	<u>\$ 4,023,263</u>

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>				<u>2022</u>	
	<u>Program Services</u>	<u>Supporting Services</u>				
	<u>Virtual Museum and Archive</u>	<u>General and Administrative</u>	<u>Development and Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Salaries	\$ 57,915	\$ 82,290	\$ 44,346	\$ 126,636	\$ 184,551	\$ 225,553
Benefits and payroll taxes	10,499	14,919	8,039	22,958	33,457	22,852
Professional fees	414	75,093	-	75,093	75,507	51,977
Occupancy	5,796	8,234	4,438	12,672	18,468	20,582
Postage and delivery	-	822	-	822	822	2,365
Supplies	-	8	-	8	8	24
Museum maintenance	6,952	-	-	-	6,952	6,608
Subscriptions and other fees	-	18,727	-	18,727	18,727	16,160
Contributed services	55,000	-	-	-	55,000	85,925
Telephone	-	940	-	940	940	-
Events and meetings	882	1,253	675	1,928	2,810	5,604
Travel	2,685	3,654	-	3,654	6,339	971
Equipment expenses	-	1,424	-	1,424	1,424	-
TOTAL	<u>\$ 140,143</u>	<u>\$ 207,364</u>	<u>\$ 57,498</u>	<u>\$ 264,862</u>	<u>\$ 405,005</u>	<u>\$ 438,621</u>

See accompanying notes to financial statements.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 117,005	\$ (26,868)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized (gain) loss on investments	(33,866)	39,281
Decrease (increase) in:		
Contributions receivable	3,777	(33,775)
Prepaid expenses	1,060	(249)
Security deposit	3,338	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(20,845)</u>	<u>9,178</u>
Net cash provided (used) by operating activities	<u>70,469</u>	<u>(12,433)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(851,940)	(5,323)
Accession of Virtual Museum and Archive collections	<u>(57,726)</u>	<u>(77,472)</u>
Net cash used by investing activities	<u>(909,666)</u>	<u>(82,795)</u>
Net decrease in cash and cash equivalents	(839,197)	(95,228)
Cash and cash equivalents at beginning of year	<u>1,118,169</u>	<u>1,213,397</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 278,972</u>	<u>\$ 1,118,169</u>

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Securities and Exchange Commission Historical Society (the Society) is a 501(c)(3) non-profit organization, incorporated in the District of Columbia. The Society shares, preserves and advances knowledge of the history of financial regulation through its Virtual Museum and Archive at www.sechistorical.org. The Society is independent of the U.S. Securities and Exchange Commission and receives no funding from the public sector. Significant accounting policies followed by the Society are presented below.

The Society operated the Virtual Museum and Archive program in 2023. The Virtual Museum and Archive is the preeminent online authority of trusted and verified information and material on the regulation of the capital markets. The Museum is free and accessible worldwide at all times, and is built and exhibited independent of the U.S. Securities and Exchange Commission.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the 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 and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and cash equivalents -

The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income (loss), which is presented net of associated investment expenses in the Statement of Activities and Change in Net Assets.

Contributions receivable -

Contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Equipment and software -

Equipment and software in excess of \$1,500, which have been purchased, are capitalized and stated at cost. Donated equipment and software are valued at their appraised value at the time of the gift.

Equipment and software are depreciated or amortized using the straight-line method. Provisions for depreciation and amortization are based on estimated useful lives of three years for software, five years for computer equipment and seven years for all other equipment. The cost of maintenance and repairs is recorded as expenses are incurred.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Society is not a private foundation.

Grants and contributions -

The Society receives grants and contributions, including unconditional promises to give. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Society performs an analysis of the individual grant or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and contributions (continued) -

Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants for direct and indirect program costs are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue. The Society had no unrecognized conditional awards as of December 31, 2023.

Contributed services -

Contributed services consist of museum curator time, pro-bono legal and contributed conference space and catering services. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Society are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

Risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement -

The Society adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2023:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 846,000	\$ 846,559
Exchange-Traded Funds	<u>195,454</u>	<u>348,852</u>
TOTAL INVESTMENTS	<u>\$ 1,041,454</u>	<u>\$ 1,195,411</u>

Included in investment income, net for the year ended December 31, 2023, are the following:

Interest and dividends, net	\$ 32,814
Unrealized gain	<u>33,866</u>
TOTAL INVESTMENT INCOME	<u>\$ 66,680</u>

3. VIRTUAL MUSEUM AND ARCHIVE COLLECTION

The Society has capitalized the collection of the Virtual Museum and Archive since the Museum's inception in March 2002.

As of December 31, 2023, the Museum collection totaled 10,965 primary materials: papers, photos, oral histories, programs, film, radio and television media, timeline developments, gallery essays and exhibits. No materials were de-accessioned from the collection in 2023.

For the year ended December 31, 2023, the costs to utilize outside vendors in building the collection of the Virtual Museum and Archive totaled \$57,726. As of December 31, 2023, the accumulated costs incurred in building the Virtual Museum and Archive totaled \$2,626,842.

The Society periodically reviews the carrying value of the Virtual Museum and Archive collection and perform a qualitative impairment analysis. During the year ended December 31, 2023, the assessment concluded that no impairment provision was deemed necessary.

4. BOARD DESIGNATED NET ASSETS

In 2009, the Board of Trustees of the Society established a \$500,000 Board Designated fund to assure continuation of the Society. During 2017, the Society decreased the appropriation by \$100,000 for use in operations. The value of this fund as of December 31, 2023 was \$579,066.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. **BOARD DESIGNATED NET ASSETS (Continued)**

In 2016, the Board of Trustees of the Society established a \$500,000 Board Designated fund restricted for the Virtual Museum and Archive. The value of this fund as of December 31, 2023 was \$735,318.

The funds are comprised of certificates of deposit and exchange-traded funds totaling \$1,195,411, and money market funds totaling \$118,973, which are included in investments and cash and cash equivalents, in the accompanying Statement of Financial Position.

5. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2023:

Two Oral Histories	\$ 11,000
Materiality Project	<u>25,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 36,000</u>

6. **NET ASSETS RELEASED FROM RESTRICTIONS**

The following net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

OMWI 10 years	\$ 27,500
SEC Regional Offices Gallery	5,000
Gene Goldman Oral History	5,000
San Francisco Regional Office	<u>25,000</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 62,500</u>

7. **LIQUIDITY**

Financial assets available for use within one year of the Statement of Financial Position comprise the following:

Cash and cash equivalents	\$ 278,972
Investments	1,195,411
Contributions receivable	<u>32,053</u>
Subtotal	1,506,436
Subtract: Donor restrictions for specific purposes	(36,000)
Subtract: Board Designated net assets	<u>(1,314,384)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 156,052</u>

The Society has a policy to structure its financial assets to be available and liquid as its obligations become due. In general, cash is available to meet the upcoming year's needs for general expenditures.

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. LEASE COMMITMENT

In March 2017, the Society entered into an agreement with its landlord to reduce its physical space in D.C. and open a satellite location in Maryland. The satellite location in Maryland was closed on November 30, 2023. The lease for the DC virtual office was extended through March 30, 2024 at a rate of \$179 per month. Occupancy expense for the year ended December 31, 2023 totaled \$18,468.

Total future minimum payments under the lease commitment are as follows:

Year Ending December 31, 2024	\$ <u>537</u>
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9. SAVINGS PLAN

The Society maintains a Savings Plan (the Plan) under Section 403(b) of the Internal Revenue Code for its employees. The Society makes matching contributions of 100% of elected employee deferrals up to a maximum of \$10,000. Matching contributions start on the anniversary date after the first year of continuous employment.

Employees are 100% vested upon entry into the Plan. For the year ended December 31, 2023, contributions to the Plan totaled \$10,385.

10. CONTRIBUTED SERVICES

During the year ended December 31, 2023, the Society was the beneficiary of donated services which allowed the Society to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the contributed services, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2023:

Museum curation	\$ 16,000
Consulting services	5,000
Conference and catering	<u>34,000</u>
TOTAL	\$ <u>55,000</u>

The following program has benefited from these donated services:

Virtual Museum and Archive	\$ <u>55,000</u>
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11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

11. FAIR VALUE MEASUREMENT (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the year ended December 31, 2023, there were no transfers between levels. Transfers between levels are recorded at the end of the reporting period, if applicable.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2023:

- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Exchange-Traded Funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Asset Class - Investments:				
Certificates of Deposit	\$ -	\$ 846,559	\$ -	\$ 846,559
Exchange-Traded Funds	348,852	-	-	348,852
TOTAL	\$ 348,852	\$ 846,559	\$ -	\$ 1,195,411

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through April 22, 2024, the date the financial statements were issued.