

**CONNER PRAIRIE MUSEUM, INC. AND
CONNER PRAIRIE FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

CONNER PRAIRIE MUSEUM, INC. AND
CONNER PRAIRIE FOUNDATION, INC.
Fishers, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

Boards of Directors
Conner Prairie Museum, Inc. and
Conner Prairie Foundation, Inc.
Fishers, Indiana

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

We have audited the consolidated financial statements of Conner Prairie Museum, Inc. (the "Museum") and Conner Prairie Foundation, Inc. (the "Foundation") (together the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, and the changes in their net assets and their 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 the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Crowe LLP

Indianapolis, Indiana
June 20, 2023

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------------|---------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 18,262,619 | \$ 16,439,088 |
| Accounts receivable, net | 634,714 | 11,610 |
| Contributions receivable, net (Note 3) | 2,242,017 | 3,053,906 |
| Inventories | 131,619 | 122,518 |
| Prepaid expenses and other assets | 172,098 | 152,148 |
| Investments (Note 4) | 121,627,672 | 148,775,202 |
| Investment in Conner Prairie Properties LLC (Notes 4 and 5) | 1,100,000 | 1,100,000 |
| Property and equipment, net (Note 6) | <u>19,231,184</u> | <u>18,562,192</u> |
| Total assets | <u>\$ 163,401,923</u> | <u>\$ 188,216,664</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 679,220 | \$ 491,502 |
| Accrued expenses | 823,520 | 363,834 |
| Deferred revenue | <u>830,846</u> | <u>720,213</u> |
| Total liabilities | <u>2,333,586</u> | <u>1,575,549</u> |
| Net assets | | |
| Without donor restrictions (Note 8) | 134,136,377 | 163,930,101 |
| With donor restrictions (Note 9, 12) | <u>26,931,960</u> | <u>22,711,014</u> |
| Total net assets | <u>161,068,337</u> | <u>186,641,115</u> |
| Total liabilities and net assets | <u>\$ 163,401,923</u> | <u>\$ 188,216,664</u> |

See notes to consolidated financial statements.

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2022 (with 2021 summary totals)

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|--|---|--------------------------------------|-----------------------|-----------------------|
| Operating revenues | | | | |
| Investment return designated for current operations, net (Note 4) | \$ 5,943,181 | \$ - | \$ 5,943,181 | \$ 1,633,877 |
| Contributions and grants | 2,005,241 | 5,763,726 | 7,768,967 | 2,706,840 |
| In-kind contributions | 85,456 | - | 85,456 | 116,118 |
| Admissions and other fees | 3,142,564 | - | 3,142,564 | 2,519,565 |
| Food service and retail income | 1,918,294 | - | 1,918,294 | 1,406,511 |
| Rental and royalty income | 1,368,473 | - | 1,368,473 | 1,119,235 |
| Membership dues | 789,617 | - | 789,617 | 585,823 |
| Other | 15,869 | - | 15,869 | 27,126 |
| | <u>15,268,695</u> | <u>5,763,726</u> | <u>21,032,421</u> | <u>10,115,095</u> |
| Net assets released from restrictions (Note 10) | <u>622,963</u> | <u>(622,963)</u> | <u>-</u> | <u>-</u> |
| Total operating revenues | <u>15,891,658</u> | <u>5,140,763</u> | <u>21,032,421</u> | <u>10,115,095</u> |
| Operating expenses | | | | |
| Program services: | | | | |
| Programs and guest experience | 11,445,795 | - | 11,445,795 | 9,252,233 |
| Public affairs and marketing | 1,746,018 | - | 1,746,018 | 1,373,691 |
| Membership services | 158,189 | - | 158,189 | 167,322 |
| Food service and retail | 1,648,599 | - | 1,648,599 | 1,261,346 |
| Total program services | <u>14,998,601</u> | <u>-</u> | <u>14,998,601</u> | <u>12,054,592</u> |
| Supporting services: | | | | |
| Management and general | 1,904,536 | - | 1,904,536 | 1,584,760 |
| Fundraising | 990,468 | - | 990,468 | 742,921 |
| Total operating expenses | <u>17,893,605</u> | <u>-</u> | <u>17,893,605</u> | <u>14,382,273</u> |
| Change in net assets from operations | (2,001,947) | 5,140,763 | 3,138,816 | (4,267,178) |
| PPP conditional contribution (Note 1) | - | - | - | 1,607,128 |
| Government grants - Shuttered Venue Operator Grant (Note 1) | - | - | - | 1,041,181 |
| Employee retention credit | 465,805 | - | 465,805 | - |
| Investment return (loss) above amounts designated for current operations, net (Note 4) | <u>(28,257,582)</u> | <u>(919,817)</u> | <u>(29,177,399)</u> | <u>28,530,156</u> |
| Change in net assets | (29,793,724) | 4,220,946 | (25,572,778) | 26,911,287 |
| Net assets, beginning of year | <u>163,930,101</u> | <u>22,711,014</u> | <u>186,641,115</u> | <u>159,729,828</u> |
| Net assets, end of year | <u>\$ 134,136,377</u> | <u>\$ 26,931,960</u> | <u>\$ 161,068,337</u> | <u>\$ 186,641,115</u> |

See notes to consolidated financial statements.

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2021 Total</u> |
|---|---|--|-----------------------|
| Operating revenues | | | |
| Investment return designated for current operations, net (Note 4) | \$ 1,633,877 | \$ - | \$ 1,633,877 |
| Contributions and grants | 2,154,983 | 551,857 | 2,706,840 |
| In-kind contributions | 116,118 | - | 116,118 |
| Admissions and other fees | 2,519,565 | - | 2,519,565 |
| Food service and retail income | 1,406,511 | - | 1,406,511 |
| Rental and royalty income | 1,119,235 | - | 1,119,235 |
| Membership dues | 585,823 | - | 585,823 |
| Other | 27,126 | - | 27,126 |
| | <u>9,563,238</u> | <u>551,857</u> | <u>10,115,095</u> |
| Net assets released from restrictions (Note 10) | <u>10,239</u> | <u>(10,239)</u> | <u>-</u> |
| Total operating revenues | <u>9,573,477</u> | <u>541,618</u> | <u>10,115,095</u> |
| Operating expenses | | | |
| Program services: | | | |
| Programs and guest experience | 9,252,233 | - | 9,252,233 |
| Public affairs and marketing | 1,373,691 | - | 1,373,691 |
| Membership services | 167,322 | - | 167,322 |
| Food service and retail | 1,261,346 | - | 1,261,346 |
| Total program services | 12,054,592 | - | 12,054,592 |
| Supporting services: | | | |
| Management and general | 1,584,760 | - | 1,584,760 |
| Fundraising | 742,921 | - | 742,921 |
| Total operating expenses | <u>14,382,273</u> | <u>-</u> | <u>14,382,273</u> |
| Change in net assets from operations | (4,808,796) | 541,618 | (4,267,178) |
| PPP conditional contribution (Note 1) | 1,607,128 | - | 1,607,128 |
| Government grants - Shuttered Venue Operator Grant (Note 1) | 1,041,181 | - | 1,041,181 |
| Investment return above amounts designated for current operations, net (Note 4) | <u>25,377,530</u> | <u>3,152,626</u> | <u>28,530,156</u> |
| Change in net assets | 23,217,043 | 3,694,244 | 26,911,287 |
| Net assets, beginning of year | <u>140,713,058</u> | <u>19,016,770</u> | <u>159,729,828</u> |
| Net assets, end of year | <u>\$ 163,930,101</u> | <u>\$ 22,711,014</u> | <u>\$ 186,641,115</u> |

See notes to consolidated financial statements.

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022 (with 2021 summary totals)

| | Program Services | | | | | Support Services | | | 2022 Total | 2021 Total |
|-----------------------------------|-------------------------------|------------------------------|---------------------|-------------------------|------------------------|------------------------|-------------------|-------------|----------------------|--------------|
| | Programs and Guest Experience | Public Affairs and Marketing | Membership Services | Food Service and Retail | Total Program Services | Management and General | Fundraising | Facilities | | |
| Payroll | \$ 4,026,366 | \$ 276,554 | \$ 78,640 | \$ 568,272 | \$ 4,949,832 | \$ 809,903 | \$ 574,112 | \$ 936,633 | \$ 7,270,480 | \$ 5,924,967 |
| Benefits | 1,128,344 | 132,180 | 40,873 | 131,802 | 1,433,199 | 358,157 | 166,515 | 245,682 | 2,203,553 | 1,822,903 |
| Supplies and expendables | 652,483 | 78,321 | 7,267 | 66,774 | 804,845 | 36,609 | 25,731 | 170,052 | 1,037,237 | 765,732 |
| Contracted services | 1,201,733 | 257,455 | - | 75,343 | 1,534,531 | 192,527 | 56,064 | 111,603 | 1,894,725 | 1,560,431 |
| Maintenance | 83,382 | - | - | 8,343 | 91,725 | 6,603 | - | 186,581 | 284,909 | 248,545 |
| Utilities | 55,750 | - | - | 15,134 | 70,884 | 23,488 | - | 323,074 | 417,446 | 373,496 |
| General equipment | 349,711 | 4,126 | - | 10,284 | 364,121 | 2,001 | - | 30,968 | 397,090 | 242,507 |
| Printing and duplicating | 16,818 | 66,794 | 20,119 | 1,247 | 104,978 | 678 | 17,933 | - | 123,589 | 88,365 |
| Advertising/promotion | 14,115 | 900,212 | - | 1,053 | 915,380 | - | - | - | 915,380 | 830,793 |
| Professional fees | - | - | - | - | - | 65,579 | - | - | 65,579 | 66,190 |
| Postage/freight | 808 | 8,575 | 4,607 | 19,134 | 33,124 | 3,860 | 3,418 | - | 40,402 | 22,534 |
| Travel and training | 77,382 | 8,896 | 45 | 40 | 86,363 | 12,373 | 5,890 | 345 | 104,971 | 36,116 |
| Insurance | 5,715 | - | - | - | 5,715 | 319,934 | - | - | 325,649 | 255,144 |
| Cost of goods sold | 794 | - | - | 618,798 | 619,592 | - | - | - | 619,592 | 440,015 |
| Bank charges and fees | 166,115 | - | 333 | 47,781 | 214,229 | 6,129 | 986 | - | 221,344 | 136,671 |
| Donor development | - | 282 | - | - | 282 | 1,988 | 101,043 | - | 103,313 | 60,365 |
| Depreciation | 1,624,325 | - | - | - | 1,624,325 | - | - | - | 1,624,325 | 1,442,708 |
| Other expense | 170,322 | 2,334 | - | 2,508 | 175,164 | 33,619 | 32,387 | 2,851 | 244,021 | 64,791 |
| | 9,574,163 | 1,735,729 | 151,884 | 1,566,513 | 13,028,289 | 1,873,448 | 984,079 | 2,007,789 | 17,893,605 | 14,382,273 |
| Allocation of facilities expenses | 1,871,632 | 10,289 | 6,305 | 82,086 | 1,970,312 | 31,088 | 6,389 | (2,007,789) | | |
| 2022 Total | <u>\$ 11,445,795</u> | <u>\$ 1,746,018</u> | <u>\$ 158,189</u> | <u>\$ 1,648,599</u> | <u>\$ 14,998,601</u> | <u>\$ 1,904,536</u> | <u>\$ 990,468</u> | <u>\$ -</u> | <u>\$ 17,893,605</u> | |

See notes to consolidated financial statements.

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021

| | Program Services | | | | | Support Services | | | 2021 Total |
|-----------------------------------|-------------------------------------|---------------------------------|------------------------|----------------------------|---------------------------|---------------------------|-------------------|--------------------|----------------------|
| | Programs and Guest Experience | Public Affairs and Marketing | Membership Services | Food Service and Retail | Total Program Services | Management and General | Fundraising | Facilities | |
| Payroll | \$ 3,208,098 | \$ 188,537 | \$ 89,370 | \$ 471,437 | \$ 3,957,442 | \$ 728,850 | \$ 438,077 | \$ 800,598 | \$ 5,924,967 |
| Benefits | 957,749 | 75,382 | 45,856 | 117,507 | 1,196,494 | 276,934 | 154,548 | 194,927 | 1,822,903 |
| Supplies and expendables | 490,498 | 34,983 | 3,481 | 49,038 | 578,000 | 38,972 | 9,049 | 139,711 | 765,732 |
| Contracted services | 1,009,825 | 204,295 | - | 55,740 | 1,269,860 | 118,454 | 39,635 | 132,482 | 1,560,431 |
| Maintenance | 57,453 | - | - | 9,464 | 66,917 | 7,175 | 2,590 | 171,863 | 248,545 |
| Utilities | 41,287 | - | - | 14,126 | 55,413 | 12,159 | - | 305,924 | 373,496 |
| General equipment | 172,269 | - | - | 16,736 | 189,005 | 19,059 | - | 34,443 | 242,507 |
| Printing and duplicating | 15,990 | 37,670 | 19,736 | 1,436 | 74,832 | 769 | 12,764 | - | 88,365 |
| Advertising/promotion | 8,301 | 821,791 | - | 701 | 830,793 | - | - | - | 830,793 |
| Professional fees | 17,998 | - | - | - | 17,998 | 48,192 | - | - | 66,190 |
| Postage/freight | 3,374 | - | 3,273 | 10,237 | 16,884 | 2,587 | 3,063 | - | 22,534 |
| Travel and training | 20,755 | 1,250 | - | 76 | 22,081 | 10,740 | 3,221 | 74 | 36,116 |
| Insurance | 4,523 | - | - | 3,000 | 7,523 | 247,621 | - | - | 255,144 |
| Cost of goods sold | 1,840 | - | - | 438,175 | 440,015 | - | - | - | 440,015 |
| Bank charges and fees | 131,110 | - | - | - | 131,110 | 4,524 | 1,037 | - | 136,671 |
| Donor development | - | - | 6 | - | 6 | 1,802 | 58,557 | - | 60,365 |
| Depreciation | 1,442,708 | - | - | - | 1,442,708 | - | - | - | 1,442,708 |
| Other expense | 6,166 | 645 | - | 768 | 7,579 | 39,311 | 14,706 | 3,195 | 64,791 |
| | <u>7,589,944</u> | <u>1,364,553</u> | <u>161,722</u> | <u>1,188,441</u> | <u>10,304,660</u> | <u>1,557,149</u> | <u>737,247</u> | <u>1,783,217</u> | <u>14,382,273</u> |
| Allocation of facilities expenses | <u>1,662,289</u> | <u>9,138</u> | <u>5,600</u> | <u>72,905</u> | <u>1,749,932</u> | <u>27,611</u> | <u>5,674</u> | <u>(1,783,217)</u> | |
| 2021 Total | <u>\$ 9,252,233</u> | <u>\$ 1,373,691</u> | <u>\$ 167,322</u> | <u>\$ 1,261,346</u> | <u>\$ 12,054,592</u> | <u>\$ 1,584,760</u> | <u>\$ 742,921</u> | <u>\$ -</u> | <u>\$ 14,382,273</u> |

See notes to consolidated financial statements.

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (25,572,778) | \$ 26,911,287 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 1,624,325 | 1,442,708 |
| Bad debt | 27,500 | 12,512 |
| Realized gain on sale of investments | (4,388,289) | (6,014,541) |
| Unrealized (gain) loss on investments | 27,594,786 | (24,358,422) |
| Contributions restricted for capital projects | (5,763,716) | (392,250) |
| Increase (decrease) in cash due to changes in: | | |
| Accounts receivable, net | (623,104) | (11,258) |
| Contributions receivable, net | 784,389 | 3,424,189 |
| Inventories | (9,101) | 18,485 |
| Prepaid expenses and other assets | (19,950) | (15,393) |
| Accounts payable | 187,718 | 111,966 |
| Accrued expenses | 459,686 | 62,055 |
| Deferred revenue | 110,633 | 222,219 |
| Net cash from operating activities | <u>(5,587,901)</u> | <u>1,413,557</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (2,293,317) | (1,488,057) |
| Purchases of investments | (10,859,000) | (15,453,000) |
| Proceeds from sale of investments | <u>14,800,033</u> | <u>19,261,649</u> |
| Net cash from investing activities | <u>1,647,716</u> | <u>2,320,592</u> |
| Cash flows from financing activities | | |
| Proceeds from contributions restricted for capital projects | <u>5,763,716</u> | <u>392,250</u> |
| Net cash from financing activities | <u>5,763,716</u> | <u>392,250</u> |
| Net change in cash and cash equivalents | 1,823,531 | 4,126,399 |
| Cash and cash equivalents, beginning of year | <u>16,439,088</u> | <u>12,312,689</u> |
| Cash and cash equivalents, end of year | <u>\$ 18,262,619</u> | <u>\$ 16,439,088</u> |
| Supplemental disclosure of cash flow information: | | |
| In-kind contributions | \$ 85,456 | \$ 116,118 |
| Purchases of property and equipment in accounts payable | \$ 111,567 | \$ 135,421 |

See notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organizations: Conner Prairie Museum, Inc. (the “Museum”) is a not-for-profit outdoor history museum whose mission is to inspire curiosity and foster learning about Indiana's past by providing engaging, individualized and unique experiences. Conner Prairie Foundation, Inc. (the “Foundation”) is a not-for-profit supporting organization for the Museum. The consolidated financial statements also include the activity of the Conner Prairie Alliance, a women’s volunteer auxiliary, 1859 Balloon Voyage LLC, a wholly owned subsidiary of the Museum, CP Property Holdings, LLC, a wholly owned subsidiary of the Museum, and Conner Prairie Properties LLC, a wholly owned subsidiary of the Foundation. The organizations are referred to collectively as the “Organization.”

The Museum’s primary sources of revenue are distributions by the Foundation, contributions, grants from foundations and governmental entities, admissions to the Museum and the events operated by the Museum, food service, rental income, membership dues and sales from the Museum gift store. The Museum offers various educational programs that allow visitors to learn about Indiana history. The Museum also offers for sale, products produced by its craft workers.

The Foundation’s primary sources of revenue are investment income and lease payments received by Conner Prairie Properties, LLC, wholly owned by the Foundation, from the operations of Prairie View Golf Course. The Foundation’s primary expense is the support distribution to the Museum.

Principles of Consolidation: For the years ended December 31, 2022 and 2021, all material inter-organizational accounts and transactions have been eliminated in the consolidation of Museum and Foundation activities. Accounts and transactions eliminated from the consolidated financial statements include intercompany payables and receivables, Museum operating support contributions from the Foundation, contributions from the Museum to the Foundation, and administrative support provided by the Museum to the Foundation.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Income Taxes: The Museum and the Foundation are exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code. Additionally, the Museum and Foundation are considered to be public foundations. The Foundation has been determined to be a Type 1 supporting organization of the Museum under Section 509(a)(3), which is defined as being operated, supervised, or controlled by one or more publicly supported organizations. The Museum and the Foundation would be subject to income tax if any unrelated business income is generated during the year.

For tax reporting purposes, 1859 Balloon Voyage, LLC, Conner Prairie Properties, LLC and CP Property Holdings, LLC are considered disregarded entities of the Museum or Foundation, and their activities are reported as the parent organization’s information.

Current accounting standards require the Organization to disclose the amount of potential benefit or obligation to be realized as a result of an examination performed by a taxing authority. For the years ended December 31, 2022 and 2021, management has determined that the Organization does not have any tax positions that result in any uncertainties regarding the possible impact on the Organization’s financial statements. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2022 and 2021.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net Asset Classifications: GAAP requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as without donor restrictions or with donor restrictions. The following classes of net assets are used to reflect donor intent:

Net Assets Without Donor Restrictions: The net asset without donor restrictions class includes all net assets over which the governing boards have full discretion as to use and which are available for support of the Museum's and Foundation's operations. The net assets without donor restrictions are as follows:

Without Donor Restrictions, Undesignated: The without donor restrictions, undesignated net asset class includes general assets and liabilities of the organizations. The without donor restrictions, undesignated net assets of the organizations may be used at the discretion of management to support the Organizations' purposes and operations.

Without Donor Restrictions, Board Designated for Contingency Reserve: As of December 31, 2022 and 2021, the Museum's Board of Directors have designated approximately \$118,000 and \$116,000, respectively, which may be used on unexpected repairs or opportunities approved by a majority vote of the Finance Committee and the Conner Prairie Museum Board Chair.

Without Donor Restrictions, Board Designated for Future Planning: In 2007, the Foundation's Board of Directors designated the proceeds from a note receivable to be used to support a prospective capital campaign and to bolster the brand reputation of the Organization. See Note 8 for the amounts designated for this future planning as well as other board designations as of December 31, 2022 and 2021.

Net Assets With Donor Restrictions: The net asset with donor restrictions class includes net assets whose use by the governing boards is limited by stipulations that will be met by action of the Museum or Foundation, the passage of time, or both. As the restrictions are met, the net assets are released from restrictions and included in net assets without donor restrictions. Contributions for which restrictions are met in the same period as the commitment are recorded as without donor restrictions. Also, net assets with donor restrictions include assets whose use by the governing boards is limited by donor stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the governing boards. Investment income on certain investment assets with donor restrictions in perpetuity is limited by donor-imposed stipulations and is included in net assets with donor restrictions if restrictions are not satisfied within the same period.

Cash and Cash Equivalents: Cash and cash equivalents consists of bank deposits in federally insured accounts and separate money market accounts. Cash in the bank deposit accounts are federally insured up to \$250,000 per financial institution. Additionally, for purposes of the consolidated statement of cash flows, the Museum and Foundation consider all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents, except for money market funds that are part of the investment portfolio.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable: Accounts receivable is stated at the amount billed to customers. Accounts receivable are ordinarily due immediately upon issuance of the invoice. Accounts more than 90 days past due are generally considered delinquent and may be written off based on individual credit evaluation and specific circumstances of the customer. At December 31, 2022 and 2021, management believed that accounts with balances over 90 days past due were not at risk of being materially uncollected and concluded that no allowance was necessary. Interest is not charged on past due accounts.

Contributions and Grants Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. If material, unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the rate commensurate with risk applicable to the years in which the promises are received. Amortization of discounts is included in the valuation of contribution revenue.

The allowances for uncollectible accounts and pledges are determined by management estimates based upon historical losses, specific circumstances and general economic conditions. Conditional promises to give are not included as support until the conditions have been substantially met.

Inventories: Inventories consist primarily of items for the Museum gift store, wholesale division and food service operations, and are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method ("FIFO").

Investments: Investments are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Some alternative investments, such as mutual funds, preferred securities funds, hedge funds, and limited partnerships, are valued based upon the unaudited financial reporting of the entities as independent market valuations are not available. The Foundation believes the net asset value ("NAV") of these financial instruments is a reasonable estimate of fair value. Because alternative investments may not be readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Realized gains and losses are included in the statement of activities. Unrealized gains and losses are based on the differences between cost and fair value of each classification of security and are reported in the statement of activities. Investments are managed by professional investment managers.

Property and Equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets and are greater than \$2,500 are capitalized at cost. Fully depreciated assets which are still in use remain capitalized in the statement of financial position. The Museum and the Foundation provide for depreciation on the straight-line method at rates to depreciate the costs of assets over estimated useful lives as follows:

| | <u>Years</u> |
|---------------------------|--------------|
| Building and improvements | 5-50 |
| Furnishings and equipment | 3-10 |
| Transportation equipment | 5-7 |

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets: In accordance with GAAP, the Foundation reviews its property and equipment and its investment in Conner Prairie Properties LLC for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2022 and 2021.

Collections: The Museum maintains an extensive collection of items from 1800 to 1945 that are relevant to Central Indiana during those time periods. Due to the difficulty in establishing a value for Collections, purchases are expensed as purchased. Standard museum procedures are used in accessioning, deaccessioning, cataloging and managing objects. The Museum's procedures provide a clean, safe and stable storage environment for its permanent collections. Objects used in the living history programs are given reasonable care towards continuing preservation. There were 86 and 212 deaccessions and 31 and 38 accessions in 2022 and 2021, respectively.

Deferred Revenue: Income from programs is deferred and recognized in the year in which the fees relate. Deferred membership revenue represents payments received for memberships purchased for which the membership term remains in effect as of December 31. The following table represents balances of deferred revenue as of December 31:

| | <u>2022</u> | <u>2021</u> |
|-------------------|-------------------|-------------------|
| Memberships | \$ 552,556 | \$ 423,360 |
| Programs | 98,463 | 64,482 |
| Gift Certificates | 5,230 | 1,118 |
| Prepaid Rent | 164,643 | 221,786 |
| Other | <u>9,954</u> | <u>9,467</u> |
| | <u>\$ 830,846</u> | <u>\$ 720,213</u> |

The following table represents activities for deferred revenue for the years ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Deferred revenue – beginning balance | \$ 720,213 | \$ 497,994 |
| Memberships deferred due to Topic 606 | 455,919 | 423,360 |
| Deferred revenue recognized during the year | (438,750) | (314,172) |
| Net cash received in advance of performance obligations being met | <u>93,464</u> | <u>113,031</u> |
| | <u>\$ 830,846</u> | <u>\$ 720,213</u> |

Contributions and Grants: The Museum and the Foundation report gifts of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Museum and the Foundation report the support as without donor restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants: Government grants are generally subject to restrictions and conditions that must be met before the Museum is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The Museum recognizes contribution revenue on grants for program services as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

In-kind Contributions: Contributions of services are recorded if the services received a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services meeting the requirements are valued and are reported at an estimated fair value in the financial statements based on current rates for similar services. For the years ended December 31, 2022 and 2021, the Museum received in-kind services of \$20,000 and \$56,000, respectively.

The Museum pays for most services requiring specific expertise. However, an important component of the Museum's operations is the significant role played by volunteers. During 2022, 112 youth volunteers contributed 14,112 hours, and 396 corporate and other volunteers contributed 18,564 hours to staff events such as Merry Prairie Holiday, Headless Horseman, and Symphony on the Prairie. During 2021, 103 youth volunteers contributed 11,127 hours, and 402 corporate and other volunteers contributed 13,961 hours to staff events such as Merry Prairie Holiday, Headless Horseman, and Symphony on the Prairie. No amounts have been included in the financial statements for these donated services based on GAAP criteria.

The Museum and Foundation report gifts of land, buildings, equipment, and supplies as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Museum and Foundation report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Museum and Foundation reclassify net assets with donor restrictions to net assets without donor restrictions at that time. All donated property and equipment and supplies are recorded at estimated fair value at the time of donation. For the years ended December 31, 2022 and 2021, the Museum received in-kind supplies of \$65,456 and \$60,118, respectively.

Revenue Recognition: The Museum recognizes revenue either as performance obligations are materially satisfied, contracts expire or are invalidated, and/or as applicable policy terms warrant. The Museum has four main types of earned revenue: admissions and other fees, food service and retail income, membership dues, and rental and royalty income.

Admissions and other fees – Tickets can be purchased for admission to the Museum either in person at the box office or online for admission either the day of attendance or prior to the day of attendance. Revenue from tickets sold is recognized as earned revenue when the guest is admitted to the Museum.

Food service and retail income – Revenue is recognized as services are performed and goods are provided.

Membership dues – The Museum offers two forms of membership: classic memberships and donor level memberships. Classic memberships are sold at set prices less eligible discounts by type. Donor level memberships are available to donors giving at various amounts that exceed the fair market value of a classic membership. Membership revenue is recognized proportionately over the membership year as the revenue is earned each month.

Rental and royalty income – Revenue is recognized as it is earned or the event is held.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments: Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the Museum and the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For investments, in some cases fair values represent quoted market prices for identical or comparable instruments (Level 1 inputs - market approach). In other cases, fair values have been estimated based on assumptions about the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of risk (Level 2 inputs - income approach). The carrying value of the Museum and the Foundation's other financial instruments, which include cash and cash equivalents, accounts receivable, contributions and grants receivable, accounts payable, and accrued expenses, approximate fair value.

Accordingly, the fair values may not represent actual values that could have been realized at year-end or that will be realized in the future. All other financial instruments' carrying values approximate fair value as of December 31, 2022 and 2021.

Expense Allocation: Expenses have been classified as program services, management and general, and fundraising based on actual direct expenditures or indirect cost allocation. Facility expenses have been allocated based upon square footage occupied.

Paycheck Protection Program (PPP) Loan: As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, in April 2020, the Museum received a paycheck protection program (PPP) loan in the amount of \$1,428,504 from the United States Small Business Administration (SBA). The Museum substantially met all of the conditions of the PPP loan and recorded revenue of \$1,428,504 for the year ending December 31, 2020. The Museum obtained formal forgiveness from the SBA in December 2020. In February 2021, the Museum applied for and received a second round of PPP loan funds in the amount of \$1,607,128. The Museum substantially met all of the conditions of the second PPP loan and recorded revenue of \$1,607,128 for the year ending December 31, 2021. The Museum obtained formal forgiveness from the SBA in September 2021.

The Museum accounted for both of the PPP loans as a conditional contribution under Accounting Standards Codification (ASC) 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a grant advance liability on the statement of financial position and subsequently recognized as contribution revenue when the Museum has substantially met all conditions for forgiveness.

Shuttered Venue Operator Grant (SVOG): As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, in 2021, the Museum applied for and received SVOG funding totaling \$1,041,181 from the United States Small Business Administration (SBA). Under the terms of the program, these funds may be used only for allowable costs such as payroll, rent, utilities, and insurance during the project period. The Museum fully expended the SVOG funds during 2021 and used all funds on allowable payroll costs. The Museum substantially met all of the conditions of the grant and recorded grant revenue of \$1,041,181 for the year ending December 31, 2021.

Recently Adopted Accounting Guidance: In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07 – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU affects any entity that receive contributed nonfinancial assets, increases the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation of statements and disclosures. The Museum applied this ASU for the year ended December 31, 2022 using the retrospective method. There were no material changes to the recognition of revenue, but the Museum has added additional disclosures in Note 1 (above) as a result of the adoption of ASU 2020-07. No cumulative effect adjustment was recorded upon adoption.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize a lease liability and a right-of-use (ROU) asset on the balance sheet for most operating leases, except for those leases with an original term of 12 months or less. Accounting for finance leases and accounting for lessor are substantially unchanged. The Museum does not have any significant long term lease agreements in which they are the lessee. As such, the Museum did not record a right-to-use lease asset or lease liability on the statements of financial position as of December 31, 2022 and 2021.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2022, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2022. Management has performed their analysis through June 20, 2023, the date the financial statements were available to be issued.

NOTE 2 - WCH PUBLIC TRUST

The Foundation is the trustee of the WCH Public Trust, a public charitable trust. The assets of the WCH Public Trust consist of the William Conner House and its curtilage. As trustee, the Foundation has agreed to keep and maintain the trust property in a state of good repair in all respects and permit all members of the public to have access to the property at reasonable times and under such rules and regulations as the Foundation shall promulgate.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable, net of present value discount at December 31, 2022 and 2021 total \$2,242,017 and \$3,053,906, respectively. As of December 31, 2022, \$723,352 of net pledges receivable are due within one year and \$1,518,665 is due between 2024 and 2027. As of December 31, 2021, \$465,796 of net pledges receivable are due within one year and \$2,588,110 is due between 2023 and 2026.

The present value discount on future pledges is \$202,940 and \$291,190 for 2022 and 2021, respectively. There were no contributions more than 90 days past due for the years ending December 31, 2022 and 2021. Management has determined that no allowance for uncollectible contributions was necessary at December 31, 2022 and 2021.

At December 31, 2022, 75% of the contributions receivable balance is due from four donors. At December 31, 2021, 80% of the contributions receivable balance is due from four donors.

NOTE 4 - INVESTMENTS

The Museum and Foundation's investments and those held for its benefit are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| Investments | \$ 121,605,372 | \$ 148,753,729 |
| Assets held by Central Indiana Community Foundation | 22,300 | 21,473 |
| Conner Prairie Properties, LLC | <u>1,100,000</u> | <u>1,100,000</u> |
| | <u>\$ 122,727,672</u> | <u>\$ 149,875,202</u> |

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 4 – INVESTMENTS (Continued)

The investments held by the Foundation are managed by professional investment managers and net investment income is allocated quarterly on a unitized basis. At December 31, 2022 and 2021, the fair value of the Foundation's investment portfolio was comprised of:

| | <u>Percent of Total Portfolio</u> | |
|--------------------------------|-----------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| US equity | 28% | 26% |
| Global ex US equity | 19% | 27% |
| Marketable securities | 20% | 19% |
| Private equity/venture capital | 29% | 22% |
| Private inflation hedging | 2% | 2% |
| Fixed income | 2% | 4% |
| Cash and equivalents | <u>0%</u> | <u>0%</u> |
| | <u>100%</u> | <u>100%</u> |

The Foundation had unfulfilled capital commitments of approximately \$20,900,000 and \$25,100,000 as of December 31, 2022 and 2021, respectively. Management estimates that capital calls will exceed capital distributions in 2021.

The following schedule summarizes the investment return and its classification in the statements of activities for the year ended December 31:

| | <u>2022</u> | <u>2021</u> |
|---|------------------------|----------------------|
| Interest and dividend income | \$ 306,871 | \$ 69,809 |
| Investment expense | (334,592) | (278,739) |
| Realized gain on sale of investments | 4,388,289 | 6,014,541 |
| Unrealized gain (loss) on investments | <u>(27,594,786)</u> | <u>24,358,422</u> |
| | <u>\$ (23,234,218)</u> | <u>\$ 30,164,033</u> |
| Investment return | | |
| Designated for current operations | \$ 5,943,181 | \$ 1,633,877 |
| Above amounts designated for current operations | <u>(29,177,399)</u> | <u>28,530,156</u> |
| | <u>\$ (23,234,218)</u> | <u>\$ 30,164,033</u> |

NOTE 5 - INVESTMENT IN CONNER PRAIRIE PROPERTIES, LLC AND REAL ESTATE LEASE

The Foundation has 100% ownership of a limited liability company that owns property leased for use as a golf course that adjoins the grounds of the Museum. The Foundation's investment consists primarily of land valued historically at \$1,100,000. The investment was recorded at fair value at the time the Foundation received ownership and is reviewed annually for impairment. The land is leased for an annual fixed rate of \$100,000 per year. The lease shall terminate in 2044, with the option to extend the lease for up to 50 years.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 6 - PROPERTY AND EQUIPMENT

The Museum and Foundation's property and equipment are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Land | \$ 398,347 | \$ 398,347 |
| Buildings and improvements | 33,741,925 | 32,809,175 |
| Furnishings and equipment | 7,520,983 | 7,338,247 |
| Transportation equipment | <u>820,982</u> | <u>820,982</u> |
| | 42,482,237 | 41,366,751 |
| Accumulated depreciation and amortization | <u>(24,788,710)</u> | <u>(23,164,385)</u> |
| | 17,693,527 | 18,202,366 |
| Construction in progress | <u>1,537,657</u> | <u>359,826</u> |
| | <u>\$ 19,231,184</u> | <u>\$ 18,562,192</u> |

NOTE 7 - EMPLOYEE BENEFITS

The Museum offers a 403(b) retirement plan in which all full-time and part-time employees of the Museum are eligible to participate. The plan includes an employer match of 100% of employee contributions to the plan, up to 5% of compensation. Since April 2009, employees of the Museum that work at least 1,000 hours per year and have completed one year of service are granted a non-elective discretionary contribution of up to 2.5% of their compensation. Contributions are immediately vested for the benefit of the participants for employees hired prior to January 1, 2012. Employees hired on or after January 1, 2012, are subject to a three year vesting schedule for non-elective discretionary contributions. Retirement contributions amounted to \$269,794 and \$277,202 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for the following purposes:

| | <u>2022</u> | <u>2021</u> |
|--|-----------------------|-----------------------|
| Endowment assets available for future appropriations | \$ 113,202,436 | \$ 143,488,191 |
| Future planning | 213,649 | 213,649 |
| Contingency reserve | 118,146 | 116,083 |
| Alliance | 34,493 | 35,515 |
| Capital campaign operating support | - | 10,737 |
| Other without donor restrictions, undesignated | <u>20,567,653</u> | <u>20,065,926</u> |
| | <u>\$ 134,136,377</u> | <u>\$ 163,930,101</u> |

The other without donor restrictions, undesignated net assets include general assets and liabilities of the organizations which have not been designated for a specific purpose by the Board of Directors. These net assets are comprised primarily of property and equipment.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Donor-purpose restrictions | | |
| Future planning | \$ 15,858,748 | \$ 10,151,677 |
| Operation of the Museum – Lilly Endowment Inc. | 3,806,323 | 4,871,315 |
| Museum programming | 771,241 | 1,191,988 |
| Duke River Grant | 31,118 | 31,514 |
| Barbara Abel fund | <u>13,040</u> | <u>13,030</u> |
| | 20,480,470 | 16,259,524 |
| Investment in perpetuity (valued at original gift basis), the income of which is expendable to support: | | |
| Education program activities | 22,109 | 22,109 |
| Ruthie Purcell endowment | 160,778 | 160,778 |
| Operation of the Museum | 268,603 | 268,603 |
| Operation of the Museum – Lilly Endowment Inc. | <u>6,000,000</u> | <u>6,000,000</u> |
| | <u>6,451,490</u> | <u>6,451,490</u> |
| Total net assets with donor restrictions | <u>\$ 26,931,960</u> | <u>\$ 22,711,014</u> |

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2022 and 2021 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Purpose restrictions accomplished: | | |
| Programming fund | \$ 420,747 | \$ - |
| Operation of the Museum - Lilly Endowment | 145,175 | - |
| Future planning | 56,646 | 9,170 |
| Duke River grant | 395 | - |
| Barbara Abel fund | <u>-</u> | <u>1,069</u> |
| | <u>\$ 622,963</u> | <u>\$ 10,239</u> |

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

(Continued)

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of mutual funds and money markets are based on quoted prices in active markets using the market approach (Level 1 inputs).

The fair value of the investment in Central Indiana Community Foundation ("CICF") is based upon the Museum's proportionate share of CICF's pooled investment portfolio using the market approach. Museum management reviews the valuations and returns in comparison to industry benchmarks and other information provided by CICF (Level 2 inputs).

For mutual funds, hedge funds and limited partnerships, for which there is no active market, the Foundation uses the net asset value ("NAV") using the market approach, with additional analysis performed by management, as such investments have significant unobservable valuation inputs and are excluded from the valuation hierarchy, pursuant to the adoption of ASU 2015-07, *Fair Value Measurement*. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility. However, for some investments, the Foundation has the ability to redeem these investments at the fund's NAV on a short term basis.

The mutual fund investments valued at NAV are comprised of the following at December 31, 2022 and 2021:

- A US large blend equity mutual fund, with a value of \$9,287,941 and \$12,920,287 as of December 31, 2022 and 2021, with an objective of achieving dollar-denominated returns by combining multiple hedged and leveraged model-driven investment strategies with proprietary risk management and execution techniques. Withdrawals from the fund may be made as of the last calendar day of each month with a 30 day written notice.
- An international equity mutual fund, with a value of \$0 and \$6,891,773 as of December 31, 2022 and 2021, that aims to form the foundation for a diversified portfolio of high-conviction stocks, seeking a 25%-50% margin of safety from intrinsic value. Withdrawals from the fund may be made daily.
- An international equity mutual fund, with a value of \$6,867,738 and \$6,179,998 at December 31, 2022 and 2021, with an objective of identifying mispriced quality companies that can sustainably grow profits over the next five years and beyond. Withdrawals from the fund may be made weekly.
- An international equity mutual fund with a value of \$1,155,672 and \$1,762,816 at December 31, 2022 and 2021, with a focus on emerging markets. Withdrawals from the fund may be made monthly on the last day, with 10 days' notice.

(Continued)

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The hedge fund alternative investments are comprised of nine portfolios at December 31, 2022 and 2021:

- The first fund, with a value of \$187,000 and \$4,337,817 at December 31, 2022 and 2021, respectively, places downside-risk assessment at the forefront of every investment decision. The fund aims to generate equity-like returns with debt-like risk, ideally providing attractive risk-adjusted returns in all market environments. Withdrawals from the fund are allowed on a quarterly basis, with 65-days' notice.
- The second fund, with a value of \$0 and \$40,827 at December 31, 2022 and 2021, respectively, is an opportunistic, value-oriented partnership that invests in primarily equity, but also debt securities. The fund invests long and short in all parts of the capital structure and across a broad range of industries and geographic regions. Withdrawals from the fund are allowed on a quarterly basis, with 60-days' notice. Withdrawals from this fund began in 2021.
- The third fund, with a value of \$4,815,036 and \$4,847,784 at December 31, 2022 and 2021, respectively, is a highly diversified fund that applies a conservative, bottom-up approach to event-driven investing, targeting capital appreciation from pricing inefficiencies that arise from announced or anticipated events. Withdrawals from the fund are allowed on a quarterly basis, with 60-day notice.
- The fourth fund, with a value of \$2,841,173 and \$8,366,775 as of December 31, 2022 and 2021, respectively, is a long-only hedge fund. Withdrawals from the fund are allowed on a triennial basis, with 60-day notice.
- The fifth fund, with a value of \$906,087 and \$1,974,123 as of December 31, 2022 and 2021, respectively, is a defensive hedge fund with a differentiated portfolio with low equity beta. Withdrawals from the fund are allowed on a quarterly basis, with a 60-day notice, subject to a 25% investor level gate and one-year initial lock-up period.
- The sixth fund, with a value of \$3,258,707 and \$1,744,578 as of December 31, 2022 and 2021, respectively, is a fund with a long-only strategy focused on energy master limited partnerships. Withdrawals from the fund are allowed on a monthly basis.
- The seventh fund, with a value of \$2,646,021 and \$2,125,612 as of December 31, 2022 and 2021, respectively, is a long/short equity hedge fund focused on industries of internet, software and travel. Withdrawals from the fund are allowed on a semi-annual basis, with a 60-day notice.
- The eighth fund, with a value of \$4,991,727 and \$2,500,000 as of December 31, 2022 and 2021, respectively, is a concentrated, fundamental drive long/short equity fund tilted toward North Asia markets, particularly China and Japan. The fund will focus on mid-to-large cap companies in internet, consumer, and industrials. Withdrawals can be made quarterly, with 60-day notice.
- The ninth fund, with a value of \$1,793,191 and \$2,614,942 as of December 31, 2022 and 2021, respectively, is a fundamentals-driven long/short equity investment holding with investment ideas evaluated individually considering business model, financial operations, management, competitive environment, and valuation. This fund will invest in telecommunications, healthcare, industrials, consumer/retail, business services, technology, and financials. Withdrawals can be made quarterly, with 60-day notice.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- The tenth fund, with a value of \$1,857,823 and \$0 as of December 31, 2022 and 2021, respectively, is a multi-strategy hedge fund that invests in distressed debt, performing debt, equity securities and event arbitrage investments. Withdrawals can be made quarterly, with 60-day notice.

The limited partnership alternative investments are comprised of 56 and 51 different partnerships as of December 31, 2022 and 2021, respectively. These partnerships can be categorized into seven industries or types: U.S. private equity, U.S. distressed debt, U.S. large cap, U.S. venture capital, private real estate, natural resources, and international private equity:

- U.S. private equity limited partnerships are primarily investments in private partnerships for purposes of consolidations, re-capitalizations, spin-offs and management buyouts. Other U.S. private equity investments are focused on later-stage growth companies, concentrated in the business services, health care, media and communications, and software and technology sectors, operating primarily in the United States.
- U.S. distressed debt investments focus on private partnerships that hold debt of troubled companies that are either in bankruptcy or facing severe financial difficulty. As of December 31, 2021, the Foundation does not hold any investments in this category.
- U.S. large cap investments is comprised of one limited partnership which invests in actively traded securities as well as derivative transactions such as futures contracts, exchange traded option contracts, forwards, credit default swaps, total return swaps, and interest rate swaps.
- U.S. venture capital limited partnerships invest in private partnerships, typically with a focus on early stage information technology and life science companies. Expected performance is 400 - 600 basis points over public indices over the life of the program.
- Private real estate investments are investments in private partnerships, typically with a focus on office, multi-family, industrial and retail properties. Investment strategies can vary from core to value-added to more opportunistic approaches.
- Natural resources limited partnerships invest in private equity or direct property acquisition and development strategies for oil, natural gas, timber, alternative energy sources.
- International private equity limited partnerships are primarily focused on foreign venture capital and private equity investments. These investments are generally in support of corporate restructuring, technological change, generational succession, privatization, and multinational expansion.

The following table presents information regarding the redemption frequency of the partnerships as of December 31, 2022:

| | <u>Weekly</u> | <u>Monthly</u> | <u>Quarterly</u> | <u>> 1 year</u> | <u>Total</u> |
|------------------------------|---------------|----------------|----------------------|----------------------|----------------------|
| Limited partnerships: | | | | | |
| U.S. private equity | \$ - | \$ - | \$ - | \$ 27,754,267 | \$ 27,754,267 |
| U.S. large cap | - | - | 21,612,292 | - | 21,612,292 |
| U.S. venture capital | - | - | - | 12,940,302 | 12,940,302 |
| Non-US venture capital | - | - | - | - | - |
| Private real estate | - | - | - | 4,881 | 4,881 |
| Natural resources | - | - | - | 2,648,686 | 2,648,686 |
| International private equity | - | - | - | 13,065,212 | 13,065,212 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,612,292</u> | <u>\$ 56,413,348</u> | <u>\$ 78,025,640</u> |

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

2022 Assets Measured on a Recurring Basis: Assets measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements at December 31, 2022 Using | | | NAV | Total |
|------------------------------|--|---|--|-----------------------|-----------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| Assets: | | | | | |
| Money markets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Mutual funds: | | | | | |
| Fixed income | 2,971,616 | - | - | - | 2,971,616 |
| US large blend equity | - | - | - | 9,287,941 | 9,287,941 |
| International equity | - | - | - | 8,023,410 | 8,023,410 |
| Hedge funds | - | - | - | 23,296,765 | 23,296,765 |
| Limited partnerships: | | | | | |
| U.S. private equity | - | - | - | 27,754,267 | 27,754,267 |
| U.S. large cap | - | - | - | 21,612,292 | 21,612,292 |
| U.S. venture capital | - | - | - | 12,940,302 | 12,940,302 |
| Non-US venture capital | - | - | - | - | - |
| Private real estate | - | - | - | 4,881 | 4,881 |
| Natural resources | - | - | - | 2,648,686 | 2,648,686 |
| International private equity | - | - | - | 13,065,212 | 13,065,212 |
| Investment in CICF | - | 22,300 | - | - | 22,300 |
| | <u>\$ 2,971,616</u> | <u>\$ 22,300</u> | <u>\$ -</u> | <u>\$ 118,633,756</u> | <u>\$ 121,627,672</u> |

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

2021 Assets Measured on a Recurring Basis: Assets measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements at December 31, 2021 Using | | | | |
|------------------------------|--|---|--|-----------------------|-----------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | NAV | Total |
| Assets: | | | | | |
| Money markets | \$ 245 | \$ - | \$ - | \$ - | \$ 245 |
| Mutual funds: | | | | | |
| Fixed income | 5,662,500 | - | - | - | 5,662,500 |
| US large blend equity | - | - | - | 12,920,287 | 12,920,287 |
| International equity | - | - | - | 14,834,587 | 14,834,587 |
| Hedge funds | - | - | - | 28,552,458 | 28,552,458 |
| Limited partnerships: | | | | | |
| U.S. private equity | - | - | - | 16,056,410 | 16,056,410 |
| U.S. large cap | - | - | - | 26,144,223 | 26,144,223 |
| U.S. venture capital | - | - | - | 25,808,238 | 25,808,238 |
| Non-US venture capital | - | - | - | 249,224 | 249,224 |
| Private real estate | - | - | - | 5,281 | 5,281 |
| Natural resources | - | - | - | 2,381,952 | 2,381,952 |
| International private equity | - | - | - | 16,138,324 | 16,138,324 |
| Investment in CICF | - | 21,473 | - | - | 21,473 |
| | <u>\$ 5,662,745</u> | <u>\$ 21,473</u> | <u>\$ -</u> | <u>\$ 143,090,984</u> | <u>\$ 148,775,202</u> |

NOTE 12 - ENDOWMENT COMPOSITION

The Foundation's endowment consists mostly of the cash equivalents and investments held by the Foundation. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") of Indiana as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (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 gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 12 - ENDOWMENT COMPOSITION (Continued)

In accordance with SPMIFA, the organization 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 purposes of the organization and the donor-restricted endowment fund
- (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 organization
- (7) The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2022:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|------------------|---|--------------------------------------|-----------------------|
| Donor-restricted | \$ - | \$ 10,257,813 | \$ 10,257,813 |
| Board-designated | <u>113,202,436</u> | <u>-</u> | <u>113,202,436</u> |
| Total funds | <u>\$ 113,202,436</u> | <u>\$ 10,257,813</u> | <u>\$ 123,460,249</u> |

Endowment net asset composition by type of fund as of December 31, 2021:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|------------------|---|--------------------------------------|-----------------------|
| Donor-restricted | \$ - | \$ 11,322,805 | \$ 11,322,805 |
| Board-designated | <u>143,488,191</u> | <u>-</u> | <u>143,488,191</u> |
| Total funds | <u>\$ 143,488,191</u> | <u>\$ 11,322,805</u> | <u>\$ 154,810,996</u> |

Changes in endowment net assets for the year ended December 31, 2022:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|--|---|--------------------------------------|-----------------------|
| Net assets, beginning of year | \$ 143,488,191 | \$ 11,322,805 | \$ 154,810,996 |
| Investment loss | (22,313,956) | (919,817) | (23,233,773) |
| Other contributions and proceeds | 100,000 | - | 100,000 |
| Appropriation of endowment assets for expenditure | <u>(8,071,799)</u> | <u>(145,175)</u> | <u>(8,216,974)</u> |
| Net assets, end of year | <u>\$ 113,202,436</u> | <u>\$ 10,257,813</u> | <u>\$ 123,460,249</u> |

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 12 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the year ended December 31, 2021:

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Total</u> |
|--|---|--------------------------------------|-----------------------|
| Net assets, beginning of year | \$ 120,197,612 | \$ 8,170,179 | \$ 128,367,791 |
| Investment return | 26,400,232 | 3,152,626 | 29,552,858 |
| Other contributions and proceeds | 100,000 | - | 100,000 |
| Appropriation of endowment assets for expenditure | <u>(3,209,653)</u> | <u>-</u> | <u>(3,209,653)</u> |
| Net assets, end of year | <u>\$ 143,488,191</u> | <u>\$ 11,322,805</u> | <u>\$ 154,810,996</u> |

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs 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 organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a nominal return of nine percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation has a current policy stating that the target for distributions from the endowment in any calendar year should be five percent of the average endowment market value over the trailing 12 quarters ending June 30 of the preceding year. The policy states that distributions from the endowment in any one calendar year shall not be greater than five and one-half percent or less than four and one-half percent of the average endowment market value over the trailing 12 quarters ending June 30 of the preceding year, unless approved by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate sufficient to match inflation and cover related investment fees. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Distributions from the \$6 million Lilly Endowment Inc. fund must meet donor imposed restrictions. Those restrictions require the purchasing power of the fund's historical principal balance be maintained. Should the actual fund balance be less than historical principal balance as calculated as of June 30 annually, the annual distribution amount cannot exceed 2% of the actual fund balance. If the actual fund balance is greater than historical principal balance, but the annual distribution would cause the actual fund balance to fall below the historical principal balance, then the annual distribution is limited to the greater of excess of the actual fund balance over the historical principal balance or 2% of the actual fund balance. Investment return (loss) is also allocated as of June 30 annually. For the years ended December 31, 2022 and 2021, there were draws of \$145,175 and \$0 from the Lilly Endowment Inc. fund, respectively.

(Continued)

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2022 and 2021

NOTE 13 - CONTINGENCIES

The Museum and Foundation are subject to claims and lawsuits which arise primarily in the ordinary course of conducting operations. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial statements of the Museum and Foundation.

NOTE 14 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 18,262,619 | \$ 16,439,088 |
| Accounts receivable, net | 634,714 | 11,610 |
| Contributions and grants receivable, net | 2,242,017 | 3,053,906 |
| Investments | <u>121,627,672</u> | <u>148,775,202</u> |
| Total financial assets | 142,767,022 | 168,279,806 |
| Less amounts not available to be used within one year: | | |
| Investments and cash restricted for board-designated endowments | 113,202,436 | 143,488,191 |
| Investments and cash restricted for donor-restricted endowments | 10,257,813 | 11,322,805 |
| Pledges receivable, non-current | <u>1,518,665</u> | <u>2,588,110</u> |
| Financial assets not available to be used within one year | 124,978,914 | 157,399,106 |
| Add back funds to be allocated for operations per endowment spending policy within one year | <u>6,406,119</u> | <u>6,576,961</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 24,194,227</u> | <u>\$ 17,457,661</u> |

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Endowment funds are subject to the spending policy as described in Note 12. Although the Organization does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of our Board of Director's annual budget approval and appropriation), these amounts could be made available if necessary or can be drawn for special purposes.

As part of the Organization's liquidity management plan, financial assets are structured to be available as the general expenditures, liabilities, and other obligations become due. The remaining restricted funds that are not backed out above, are restricted for purpose, but the restricted purposes are operating types of expenses and therefore, have been included in available for operations in the next year. In addition, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market fund.

SUPPLEMENTARY INFORMATION

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2022 (with 2021 summary totals)

| | <u>Museum</u> | <u>Foundation</u> | <u>Elimination</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,157,700 | \$ 15,104,919 | \$ - | \$ 18,262,619 | \$ 16,439,088 |
| Inter-company receivable | 615,745 | 2,223,889 | (2,839,634) | - | - |
| Accounts receivable, net | 634,714 | - | - | 634,714 | 11,610 |
| Contributions receivable, net | 2,242,017 | - | - | 2,242,017 | 3,053,906 |
| Inventories | 131,619 | - | - | 131,619 | 122,518 |
| Prepaid expenses and other assets | 172,098 | - | - | 172,098 | 152,148 |
| Investments | 21,473 | 121,606,199 | - | 121,627,672 | 148,775,202 |
| Investment in Conner Prairie Properties LLC | - | 1,100,000 | - | 1,100,000 | 1,100,000 |
| Property and equipment, net | <u>1,242,515</u> | <u>17,988,669</u> | <u>-</u> | <u>19,231,184</u> | <u>18,562,192</u> |
| Total assets | <u>\$ 8,217,881</u> | <u>\$ 158,023,676</u> | <u>\$ (2,839,634)</u> | <u>\$ 163,401,923</u> | <u>\$ 188,216,664</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Liabilities | | | | | |
| Accounts payable | 679,220 | \$ - | \$ - | \$ 679,220 | \$ 491,502 |
| Inter-company payable | 2,223,889 | 615,745 | (2,839,634) | - | - |
| Accrued expenses | 823,520 | - | - | 823,520 | 363,834 |
| Deferred revenue | <u>830,846</u> | <u>-</u> | <u>-</u> | <u>830,846</u> | <u>720,213</u> |
| Total liabilities | <u>4,557,475</u> | <u>615,745</u> | <u>(2,839,634)</u> | <u>2,333,586</u> | <u>1,575,549</u> |
| Net assets | | | | | |
| Without donor restrictions | 2,945,272 | 131,191,105 | - | 134,136,377 | 163,930,101 |
| With donor restrictions | <u>715,134</u> | <u>26,216,826</u> | <u>-</u> | <u>26,931,960</u> | <u>22,711,014</u> |
| Total net assets | <u>3,660,406</u> | <u>157,407,931</u> | <u>-</u> | <u>161,068,337</u> | <u>186,641,115</u> |
| Total liabilities and net assets | <u>\$ 8,217,881</u> | <u>\$ 158,023,676</u> | <u>\$ (2,839,634)</u> | <u>\$ 163,401,923</u> | <u>\$ 188,216,664</u> |

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2021

| | <u>Museum</u> | <u>Foundation</u> | <u>Elimination</u> | <u>2021 Total</u> |
|--|-------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,670,697 | \$ 12,768,391 | \$ - | \$ 16,439,088 |
| Inter-company receivable | 707,566 | 3,704,789 | (4,412,355) | - |
| Accounts receivable, net | 11,577 | 68 | (35) | 11,610 |
| Contributions receivable, net | 3,059,812 | - | (5,906) | 3,053,906 |
| Inventories | 122,518 | - | - | 122,518 |
| Prepaid expenses and other assets | 152,148 | - | - | 152,148 |
| Investments | 21,473 | 148,753,729 | - | 148,775,202 |
| Investment in Conner Prairie Properties LLC | - | 1,100,000 | - | 1,100,000 |
| Property and equipment, net | <u>1,423,028</u> | <u>17,139,164</u> | <u>-</u> | <u>18,562,192</u> |
| Total assets | <u>\$ 9,168,819</u> | <u>\$ 183,466,141</u> | <u>\$ (4,418,296)</u> | <u>\$ 188,216,664</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 491,502 | \$ - | \$ - | \$ 491,502 |
| Inter-company payable | 3,704,789 | 707,566 | (4,412,355) | - |
| Accrued expenses | 363,834 | - | - | 363,834 |
| Deferred revenue | <u>726,154</u> | <u>-</u> | <u>(5,941)</u> | <u>720,213</u> |
| Total liabilities | <u>5,286,279</u> | <u>707,566</u> | <u>(4,418,296)</u> | <u>1,575,549</u> |
| Net assets | | | | |
| Without donor restrictions | 2,689,628 | 161,240,473 | - | 163,930,101 |
| With donor restrictions | <u>1,192,912</u> | <u>21,518,102</u> | <u>-</u> | <u>22,711,014</u> |
| Total net assets | <u>3,882,540</u> | <u>182,758,575</u> | <u>-</u> | <u>186,641,115</u> |
| Total liabilities and net assets | <u>\$ 9,168,819</u> | <u>\$ 183,466,141</u> | <u>\$ (4,418,296)</u> | <u>\$ 188,216,664</u> |

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2022 (with 2021 summary totals)

| | <u>Museum</u> | <u>Foundation</u> | <u>Elimination</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|--|---------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Operating revenues | | | | | |
| Investment return designated for current operations, net | \$ 587 | \$ 5,942,594 | \$ - | \$ 5,943,181 | \$ 1,633,877 |
| Contributions and grants | 14,543,808 | 5,763,716 | (12,538,557) | 7,768,967 | 2,706,840 |
| In-kind contributions | 85,456 | 69,000 | (69,000) | 85,456 | 116,118 |
| Admissions and other fees | 3,142,564 | - | - | 3,142,564 | 2,519,565 |
| Food service and retail income | 1,918,294 | - | - | 1,918,294 | 1,406,511 |
| Rental and royalty income | 1,268,473 | 100,010 | (10) | 1,368,473 | 1,119,235 |
| Membership dues | 789,617 | - | - | 789,617 | 585,823 |
| Other | 84,869 | - | (69,000) | 15,869 | 27,126 |
| | <u>21,833,668</u> | <u>11,875,320</u> | <u>(12,676,567)</u> | <u>21,032,421</u> | <u>10,115,095</u> |
| Operating expenses | | | | | |
| Program services: | | | | | |
| Programs and guest experience | 16,004,797 | 8,048,565 | (12,607,567) | 11,445,795 | 9,252,233 |
| Public affairs and marketing | 1,746,018 | - | - | 1,746,018 | 1,373,691 |
| Membership services | 158,189 | - | - | 158,189 | 167,322 |
| Food service and retail | 1,648,599 | - | - | 1,648,599 | 1,261,346 |
| Total program services | <u>19,557,603</u> | <u>8,048,565</u> | <u>(12,607,567)</u> | <u>14,998,601</u> | <u>12,054,592</u> |
| Supporting services: | | | | | |
| Management and general | 1,973,536 | - | (69,000) | 1,904,536 | 1,584,760 |
| Fundraising | 990,468 | - | - | 990,468 | 742,921 |
| Total operating expenses | <u>22,521,607</u> | <u>8,048,565</u> | <u>(12,676,567)</u> | <u>17,893,605</u> | <u>14,382,273</u> |
| Change in net assets from operations | (687,939) | 3,826,755 | - | 3,138,816 | (4,267,178) |
| PPP conditional contribution | - | - | - | - | 1,607,128 |
| Government grants - Shuttered Venue Operator Grant | - | - | - | - | 1,041,181 |
| Employee retention credit | 465,805 | - | - | 465,805 | - |
| Investment loss below amounts designated for current operations, net | <u>-</u> | <u>(29,177,399)</u> | <u>-</u> | <u>(29,177,399)</u> | <u>28,530,156</u> |
| Change in net assets | (222,134) | (25,350,644) | - | (25,572,778) | 26,911,287 |
| Net assets, beginning of year | <u>3,882,540</u> | <u>182,758,575</u> | <u>-</u> | <u>186,641,115</u> | <u>159,729,828</u> |
| Net assets, end of year | <u>\$ 3,660,406</u> | <u>\$ 157,407,931</u> | <u>\$ -</u> | <u>\$ 161,068,337</u> | <u>\$ 186,641,115</u> |

CONNER PRAIRIE MUSEUM, INC. AND CONNER PRAIRIE FOUNDATION, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2021

| | <u>Museum</u> | <u>Foundation</u> | <u>Elimination</u> | <u>2021 Total</u> |
|--|---------------------|-----------------------|--------------------|-----------------------|
| Operating revenues | | | | |
| Investment return designated for current operations, net | \$ (912) | \$ 1,634,789 | \$ - | \$ 1,633,877 |
| Contributions and grants | 5,311,281 | 417,100 | (3,021,541) | 2,706,840 |
| In-kind contributions | 116,118 | 69,000 | (69,000) | 116,118 |
| Admissions and other fees | 2,519,565 | - | - | 2,519,565 |
| Food service and retail income | 1,406,511 | - | - | 1,406,511 |
| Rental and royalty income | 1,019,235 | 100,010 | (10) | 1,119,235 |
| Membership dues | 585,823 | - | - | 585,823 |
| Other | 96,126 | - | (69,000) | 27,126 |
| | <u>11,053,747</u> | <u>2,220,899</u> | <u>(3,159,551)</u> | <u>10,115,095</u> |
| Operating expenses | | | | |
| Program services: | | | | |
| Programs and guest experience | 8,469,307 | 3,873,477 | (3,090,551) | 9,252,233 |
| Public affairs and marketing | 1,373,691 | - | - | 1,373,691 |
| Membership services | 167,322 | - | - | 167,322 |
| Food service and retail | 1,261,346 | - | - | 1,261,346 |
| Total program services | 11,271,666 | 3,873,477 | (3,090,551) | 12,054,592 |
| Supporting services: | | | | |
| Management and general | 1,653,760 | - | (69,000) | 1,584,760 |
| Fundraising | 742,921 | - | - | 742,921 |
| Total operating expenses | <u>13,668,347</u> | <u>3,873,477</u> | <u>(3,159,551)</u> | <u>14,382,273</u> |
| Change in net assets from operations | (2,614,600) | (1,652,578) | - | (4,267,178) |
| PPP conditional contribution | 1,607,128 | - | - | 1,607,128 |
| Government grants - Shuttered Venue Operator Grant | 1,041,181 | - | - | 1,041,181 |
| Investment return above amounts designated for current operations, net | - | 28,530,156 | - | 28,530,156 |
| Change in net assets | 33,709 | 26,877,578 | - | 26,911,287 |
| Net assets, beginning of year | <u>3,848,831</u> | <u>155,880,997</u> | <u>-</u> | <u>159,729,828</u> |
| Net assets, end of year | <u>\$ 3,882,540</u> | <u>\$ 182,758,575</u> | <u>\$ -</u> | <u>\$ 186,641,115</u> |