



FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2022 and 2021

CONTENTS

	Page
Independent Auditors' Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses - Programs	7
Statements of Functional Expenses - Supporting Services	8
Statements of Functional Expenses - Sales, Cost of Sales and Expenses	9
Statements of Cash Flows	10
Notes to Financial Statements	11



Independent Auditors' Report

Board of Directors
Minnetrista Cultural Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minnetrista Cultural Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, statements of functional expenses - programs, statements of functional expenses - supporting services, statements of functional expenses - sales, cost of sales and expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Minnetrista Cultural Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnetrista Cultural Foundation, Inc. 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.

Change in Accounting Principle

As discussed in Note T to the financial statements, the entity has elected to change its method of accounting for Collections during the year ending December 31, 2022. Our opinion is not modified with respect to this matter.

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 Minnetrista Cultural Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Estep Burkey Simmons, LLC

Muncie, Indiana

March 16, 2023

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	ASSETS	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash - checking	\$ 280,848	\$ 637,054
Cash - savings	156,840	291,282
Cash and cash equivalents - endowment	333,720	333,720
Accounts receivable	45,541	3,622
Grants receivable	1,824	2,170
Inventories	124,326	73,216
Prepaid expenses	74,746	139,816
Total current assets	<u>1,017,845</u>	<u>1,480,880</u>
RIGHT OF USE ASSET	120,268	149,132
PROPERTY, BUILDING AND EQUIPMENT, net of depreciation	5,229,959	5,576,260
HISTORICAL PROPERTY AND EQUIPMENT	3,102,358	3,102,358
INVESTMENTS	<u>5,624,770</u>	<u>6,721,917</u>
TOTAL ASSETS	<u>\$ 15,095,200</u>	<u>\$ 17,030,547</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 68,192	\$ 51,156
Accrued sales tax and payroll withholdings	40,534	4,680
Accrued employees' compensation	49,017	37,371
Contract liabilities	5,859	14,965
Total current liabilities	<u>163,602</u>	<u>108,172</u>
RIGHT OF USE LIABILITY	<u>120,268</u>	<u>149,132</u>
Total liabilities	283,870	257,304
NET ASSETS		
Without donor restrictions	10,725,077	12,371,168
With donor restrictions	4,086,253	4,402,075
	<u>14,811,330</u>	<u>16,773,243</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,095,200</u>	<u>\$ 17,030,547</u>

The accompanying notes are an integral part of these statements.

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
Admissions	\$ 116,416		\$ 116,416
Programs	139,750		139,750
Membership dues	39,269		39,269
Gifts and grants	3,846,402	\$ 119,150	3,965,552
In-kind contributions	9,167		9,167
Retail operations	321,082		321,082
Hospitality	257,973		257,973
Loss on disposal of property and equipment	(4,025)		(4,025)
Investment return (loss), net	(928,260)	(63,150)	(991,410)
Other revenue	2,886		2,886
	<hr/>	<hr/>	<hr/>
Total operating support and revenue	3,800,660	56,000	3,856,660
Operating expenses			
Programs			
Collections	296,645		296,645
Programs and Signature Events	712,885		712,885
Exhibits	247,604		247,604
Horticulture	303,401		303,401
Supporting services			
Administration	1,120,635		1,120,635
Marketing	420,452		420,452
Development	272,336		272,336
Facilities and Grounds	1,421,777		1,421,777
Cost of sales and expenses			
Retail Operations	321,314		321,314
Hospitality	231,633		231,633
Depreciation expense	699,891		699,891
	<hr/>	<hr/>	<hr/>
	6,048,573		6,048,573
Change in net assets before capital additions	(2,247,913)	56,000	(2,191,913)

The accompanying notes are an integral part of these statements.

2021		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 168,765		\$ 168,765
112,692		112,692
36,240		36,240
3,952,582	\$ 216,045	4,168,627
288,892		288,892
112,727		112,727
872,764	148,996	1,021,760
7,072		7,072
<u>5,551,734</u>	<u>365,041</u>	<u>5,916,775</u>
346,277		346,277
655,711		655,711
251,561		251,561
235,822		235,822
1,009,447		1,009,447
402,777		402,777
247,239		247,239
1,480,853		1,480,853
285,337		285,337
224,535		224,535
646,019		646,019
<u>5,785,578</u>	<u>365,041</u>	<u>5,785,578</u>
(233,844)	365,041	131,197

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Years Ended December 31,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Non-Operating Revenue (Expense)			
Capital additions			
Gifts and grants - capital		230,000	230,000
		230,000	230,000
Net assets released from restrictions:			
Satisfaction of purpose restrictions	601,822	(601,822)	
CHANGE IN NET ASSETS	(1,646,091)	(315,822)	(1,961,913)
Net assets at beginning of year	12,371,168	4,402,075	16,773,243
Change in accounting principle			
Net assets at beginning of year, as restated	12,371,168	4,402,075	16,773,243
Net assets at end of year	\$ 10,725,077	\$ 4,086,253	\$ 14,811,330

The accompanying notes are an integral part of these statements.

2021		
Without Donor Restrictions	With Donor Restrictions	Total
	230,000	230,000
	230,000	230,000
409,297	(409,297)	
175,453	185,744	361,197
14,733,945 (2,538,230)	4,216,331	18,950,276 (2,538,230)
12,195,715	4,216,331	16,412,046
<u>\$ 12,371,168</u>	<u>\$ 4,402,075</u>	<u>\$ 16,773,243</u>

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAMS

For the Years Ended December 31,

	2022			
	Collections	Programs & Signature Events	Exhibits	Horticulture
Payroll	\$ 223,387	\$ 505,723	\$ 77,823	\$ 192,925
Payroll taxes	16,969	37,825	5,729	14,940
Employee benefits	34,835	90,384	16,275	26,540
Supplies	1,149	106	667	19,518
Professional development and travel	3,181	8,827	6,184	5,812
Programs		24,286		
Dues and subscriptions	983	2,018	4,326	1,343
Repairs and maintenance	2,987			41,394
Printing and publications				
Postage	53	127		1
Contract services				
Acquisitions	83			
Reference books	438			
Exhibit costs	4,500		133,787	
Uniforms			239	
Special events		42,571		
Miscellaneous	8,080	1,018	2,574	928
	<u>\$ 296,645</u>	<u>\$ 712,885</u>	<u>\$ 247,604</u>	<u>\$ 303,401</u>

The accompanying notes are an integral part of these statements.

2021			
<u>Collections</u>	<u>Programs & Signature Events</u>	<u>Exhibits</u>	<u>Horticulture</u>
\$ 232,730	\$ 463,712	\$ 54,704	\$ 142,347
17,920	34,034	4,014	10,171
42,069	104,357	13,182	32,214
4,564	2,734	7,173	3,551
4,597	5,949	(823)	1,579
	23,669		
843	1,143	390	940
8,875			42,072
	370		
179	327	1	1
		201	2,000
48			
411			
		171,685	
	18,721		
<u>34,041</u>	<u>695</u>	<u>1,034</u>	<u>947</u>
<u>\$ 346,277</u>	<u>\$ 655,711</u>	<u>\$ 251,561</u>	<u>\$ 235,822</u>

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

For the Years Ended December 31,

	2022			
	<u>Administration</u>	<u>Marketing</u>	<u>Development</u>	<u>Facilities & Grounds</u>
Payroll	\$ 467,546	\$ 122,715	\$ 174,372	\$ 476,041
Payroll taxes	33,566	9,758	12,768	34,620
Employee benefits	78,271	41,451	37,774	89,235
Personnel expense	4,450	450	663	78
Uniforms	7,508			943
Supplies	7,790	903	356	37,591
Insurance	153,217			
Professional development and travel	10,529	320	4,897	865
Community outreach	2,958			
Annual campaign expenses			9,479	
Marketing	733	218,155	1,053	
Dues and subscriptions	12,206		1,270	232
Telephone	20,983			
Repairs and maintenance				368,784
IT & office equipment maintenance	182,017	2,475	578	192
Website & internet expense	5,299	20,656		
Publications			16,772	
Postage	3,149	3,569	3,561	1
Utilities				304,039
Contract services				109,156
Professional fees	98,162			
Taxes and licenses	12,113			
Membership development			8,793	
Bank fees	20,138			
	<u>\$ 1,120,635</u>	<u>\$ 420,452</u>	<u>\$ 272,336</u>	<u>\$ 1,421,777</u>

The accompanying notes are an integral part of these statements.

2021			
<u>Administration</u>	<u>Marketing</u>	<u>Development</u>	<u>Facilities & Grounds</u>
\$ 412,370	\$ 117,091	\$ 159,684	\$ 433,193
29,851	8,223	11,846	29,482
66,640	35,574	40,707	106,563
3,650	84	161	15
4,849			1,497
38,482	379	237	27,237
128,490			
9,140	706	2,933	551
2,237			
		5,386	
3,964	213,908	654	
11,057	200	1,350	187
24,138			
			524,844
196,642	3,516		
4,580	20,267		
		16,601	
3,431	2,829	2,401	1
			235,301
			121,982
38,670			
11,459			
		5,279	
19,797			
<u>\$ 1,009,447</u>	<u>\$ 402,777</u>	<u>\$ 247,239</u>	<u>\$ 1,480,853</u>

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES -
SALES, COST OF SALES AND EXPENSES

For the Years Ended December 31,

	2022		2021	
	Retail Operations	Hospitality	Retail Operations	Hospitality
Sales	\$ 321,082	\$ 257,973	\$ 288,892	\$ 112,727
Cost of sales and expenses				
Cost of sales	176,330	86,008	145,501	66,816
Payroll	106,273	110,152	104,890	109,036
Payroll taxes	8,270	6,352	8,079	8,172
Employee benefits	12,371	20,458	15,903	29,785
Staff meetings and employee recognition		441		657
Supplies	4,543	4,054	2,718	5,461
Freight	10,913		5,985	
Postage	250	5	81	49
Software licenses		3,201		2,802
Permits and licenses	280	659		580
Dues and subscriptions	180		175	300
Professional development and travel	1,630	263	101	277
Advertising		40	150	600
Bank card fees	274		1,754	
Total cost of sales and expenses	<u>321,314</u>	<u>231,633</u>	<u>285,337</u>	<u>224,535</u>
OPERATING INCOME (LOSS)	<u>\$ (232)</u>	<u>\$ 26,340</u>	<u>\$ 3,555</u>	<u>\$ (111,808)</u>

The accompanying notes are an integral part of these statements.

Minnetrista Cultural Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets before capital additions	\$ (2,191,913)	\$ 131,197
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	699,891	646,019
Realized gains on investments	(72,999)	(362,347)
Unrealized (gains) losses on investments	1,172,347	(572,674)
Loss on disposal of property and equipment	4,025	
Contributions to funds not subject to appropriation or expenditure	(100,000)	(100,725)
(Increase) decrease in assets:		
Accounts and pledges receivable	(41,919)	9,853
Grants receivable	346	122,830
Inventories	(51,110)	(4,904)
Prepaid expenses	65,070	(62,358)
Increase (decrease) in liabilities:		
Accounts payable	17,036	(69,113)
Accrued sales tax and payroll withholdings	35,854	1,985
Accrued employees' compensation	11,646	3,079
Contract liabilities	(9,106)	7,840
Net cash used in operating activities	<u>(460,832)</u>	<u>(249,318)</u>
Cash flows from investing activities:		
Purchases of capital additions	(357,615)	(145,398)
Purchases of investments	(5,305,330)	(1,786,490)
Proceeds from the sales of investments	5,303,129	1,697,191
Net cash used in investing activities	<u>(359,816)</u>	<u>(234,697)</u>
Cash flows from financing activities:		
Contributions to funds not subject to appropriation or expenditure	100,000	100,725
Gifts and grants for capital additions	230,000	230,000
Net cash provided by financing activities	<u>330,000</u>	<u>330,725</u>
Net decrease in cash and cash equivalents	(490,648)	(153,290)
Cash and cash equivalents at beginning of year	<u>1,262,056</u>	<u>1,415,346</u>
Cash and cash equivalents at end of year	<u>\$ 771,408</u>	<u>\$ 1,262,056</u>
<u>Supplemental Disclosures</u>		
In-kind contributions	\$ 9,167	

The accompanying notes are an integral part of these statements.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Organization

Minnetrista Cultural Foundation, Inc. (Minnetrista) is East Central Indiana's premier destination for cultural experiences of all kinds. A diverse menu of museum exhibits, events, programs, and quiet garden spaces attracts over 100,000 visits each year. Minnetrista hosts many of Muncie and Delaware County's most important community meetings, celebrations, and civic events, as well as signature festivals that attract traveling visitors. As our mission and vision statements note: Minnetrista is the home of the Ball Jar; a gathering place and catalyst for community engagement. We create shared experiences that connect people, leading to a better quality of life. We envision a thriving community where people who call this region home, take pride in its accomplishments, and aspire to a brighter future.

Financial support for programs and services comes from: contributed revenue in the form of grants and donations from private and public organizations, corporations and individuals and earned revenue from admissions and fees, sales and catering events, and retail operations. Minnetrista Cultural Foundation, Inc. is an Indiana corporation chartered on May 17, 1984. It is exempt from federal income tax as a public charity described in Section 509(a)(3).

2. Basis of Presentation

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give Minnetrista's Board of Trustees the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of Minnetrista are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of Minnetrista's operating fund and unrestricted income from endowment funds.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by Minnetrista's Board of Trustees in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Trustees, net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

3. Cash and Cash Equivalents

Minnetrista maintains its cash in accounts at local financial institutions which are insured by agencies of the U.S. Government and in money market accounts. For purposes of the Statements of Cash Flows, Minnetrista considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Investments

Minnetrista records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return/(loss) is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

5. Accounts Receivable

Minnetrista's trade receivables have a contractual maturity of one year or less, and therefore are exempted from disclosure requirements. Trade receivables are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

6. Inventories

Inventories are accounted for using a perpetual inventory system and valued using the retail method, at the lower of cost or market value.

7. Property, Building and Equipment

Property, building and equipment owned by Minnetrista are recorded at cost for items purchased and at fair value at the date of gift for items donated. Depreciation is computed by using the straight-line method over the estimated useful class lives of the assets, which range from three to forty years.

Expenditures for maintenance, repair and minor renewals are charged to income as incurred. Additions and major renewals are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts. Any gain or loss is credited or charged to income.

8. Historical Property and Equipment

Historical property and equipment is recorded at the fair value as of the date of the gift. No depreciation is taken on historical property and equipment.

9. Collections

The collections, which were acquired through purchases and contributions since the Minnetrista's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes and are not available for the direct care of the existing collection.

10. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditure not directly chargeable to a program is presented as supporting services.

In addition, Minnetrista operates a retail shop and hospitality department. The direct expenses of operating the shop and department are segregated from program and supporting services.

Minnetrasta Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

11. Revenue Recognition

Contributions - Contributions are recognized when the donor makes a promise to give to Minnetrista that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Retail operations - Revenues are recognized when control of these products is transferred to its customers, in an amount that reflects the consideration Minnetrista expects to be entitled to in exchange for those products. Sales and other taxes Minnetrista collects concurrent with revenue-producing activities are excluded from revenue.

Hospitality - Revenues are recognized when the services for the contracts are completed, in an amount that reflects the consideration Minnetrista expects to be entitled to in exchange for those products and services. Sales and other taxes Minnetrista collects concurrent with revenue-producing activities are excluded from revenue.

Memberships - Revenues are recognized when the membership is purchased and any deferred income is considered immaterial to the financial statements.

Admissions - Revenues are recognized when the admission is purchased and any deferred income is considered immaterial to the financial statements.

12. Contributed Services and Materials

Minnetrasta receives donated services from a variety of unpaid volunteers assisting Minnetrista in its programs. Minnetrista recognized donated professional services of \$6,723 and donated supplies of \$2,444 during the year ended December 31, 2022. There were no donated services or materials that met the qualifications for recognition during the year ended December 31, 2021.

13. Compensated Absences

The full-time employees are entitled to paid vacation and sick days, depending on length of service. Vacation days are earned and must be used within a calendar year. The accumulation of sick days occurs on January 1 of each year up to a maximum of 30 days. Accumulated sick days are not paid upon termination. Part-time and full-time employees are entitled to personal days, which accumulate within each quarter of a year and must be used in the quarter earned.

14. Marketing Costs

Marketing costs are expensed as incurred and included in operating expenses. Marketing expenses totaled \$219,941 and \$218,526 for the years ended December 31, 2022 and 2021, respectively. Of this amount, in-kind contributions totaled \$0- and \$0- for the years ended December 31, 2022 and 2021, respectively.

15. Concentration of Credit Risk

Minnetrasta maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2022 and 2021, Minnetrista exceeded the insured limit by \$14,039 and \$382,654, respectively.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

16. Concentration of Revenue Risk

Minnetrista received 68% and 44% of its support and revenue from the Ball Brothers Foundation for the years ended December 31, 2022 and 2021, respectively.

Minnetrista received 27% and 18% of its support and revenue from the George and Frances Ball Foundation for the years ended December 31, 2022 and 2021, respectively.

17. Uncertain Tax Positions

Minnetrista recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Minnetrista has examined this issue and has determined there are no material contingent tax liabilities.

Minnetrista's federal and state exempt organization tax returns for 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

18. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - GRANTS RECEIVABLE

Grants receivable consist of a grant awarded to Minnetrista in the amount of \$1,824 and \$2,170 as of December 31, 2022 and 2021, respectively. The grant is expected to be paid during 2023.

NOTE C - PROPERTY, BUILDING AND EQUIPMENT

The amount of fixed assets, net of depreciation, at December 31, 2022 and 2021 consists of the following.

	2022	2021
Land and improvements	\$ 1,737,149	\$ 1,544,944
Buildings and improvements	15,725,720	15,635,517
Furniture and equipment	4,890,064	4,867,497
Vehicles	198,289	160,490
	22,551,222	22,208,448
Less accumulated depreciation	17,321,263	16,632,188
	\$ 5,229,959	\$ 5,576,260

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE D - RISKS AND UNCERTAINTIES

Minnetrista holds a variety of investments (Note E). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

NOTE E - INVESTMENTS

Investments are stated at fair value as of December 31, 2022 and 2021 and are summarized as follows.

	<u>2022</u>	<u>2021</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Equities - common stock	\$ 2,570,154	\$ 2,989,009
Equities - mutual funds:		
Small blend	335,467	290,326
Small growth		101,009
Mid-cap blend	462,047	569,121
Mid-cap growth	21,045	186,608
Foreign large blend	104,628	
Foreign large growth	204,730	337,917
Healthcare	60,255	
Financial	53,385	
Consumer defensive		50,353
Consumer cyclical		87,500
Technology	60,573	79,915
Industrial sector		55,973
Communications		60,124
Real estate	58,123	34,212
Total equities - mutual funds	<u>1,360,253</u>	<u>1,853,058</u>
Fixed income - mutual funds:		
Corporate bonds	1,360,751	1,213,759
Intermediate-term bonds	182,717	63,088
US treasury bonds	150,895	185,390
Intermediate government		417,613
Total fixed income - mutual funds	<u>1,694,363</u>	<u>1,879,850</u>
Total investments, at fair value	<u>\$ 5,624,770</u>	<u>\$ 6,721,917</u>
Total investments, at historical cost	<u>\$ 5,401,485</u>	<u>\$ 5,325,097</u>

NOTE F - CONTRACT LIABILITIES

Contract liabilities consists of billings for hospitality contracts in excess of revenue recognized. Contract liabilities totaled \$5,859 and \$14,965 as of December 31, 2022 and 2021, respectively.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE G - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of Minnetrista. Unobservable inputs are inputs that reflect Minnetrista's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that Minnetrista has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table sets forth financial assets and liabilities measured at fair value in the Statements of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2022 and 2021:

	2022	
	Fair Value	Level 1
Assets:		
Investments:		
Equities - common stock	\$ 2,570,154	\$ 2,570,154
Equities - mutual funds	\$ 1,360,253	\$ 1,360,253
Fixed income - mutual funds	\$ 1,694,363	\$ 1,694,363
	2021	
	Fair Value	Level 1
Assets:		
Investments:		
Equities - common stock	\$ 2,989,009	\$ 2,989,009
Equities - mutual funds	\$ 1,853,058	\$ 1,853,058
Fixed income - mutual funds	\$ 1,879,850	\$ 1,879,850

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE H - COMMITMENTS AND CONTINGENCIES

Minnetrista is subject to laws and regulations relating to the protection of the environment. Minnetrista's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of Minnetrista's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of Minnetrista.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specific purpose:		
River Project Fund	\$ 5,022	\$ 5,012
Signage Project	20,325	20,284
Art Catalog grant		8,583
CEO transition	10,010	
Remembering Ball Stores book grant		372
Girlhood exhibit	9,050	
Collection Acquisitions and Maintenance Fund	706,767	745,216
Nature and art education	9,290	20,000
Oakhurst	10,122	10,003
Catalyst project	15,213	15,183
Bob Ross Experience	10,123	10,003
Capital projects	<u>78,526</u>	<u>408,965</u>
	874,448	1,243,621
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Frances Sargent Oakhurst Fund	23,490	44,558
School Access Fund	<u>40,849</u>	<u>66,430</u>
	64,339	110,988
Subject to endowment spending policy and appropriation:		
Endowment Fund	3,017,419	2,917,419
Margaret Ball Petty and Edmund F. Petty School Access Fund	70,994	70,994
Frances Sargent Oakhurst Fund	<u>59,053</u>	<u>59,053</u>
	<u>3,147,466</u>	<u>3,047,466</u>
	<u>\$ 4,086,253</u>	<u>\$ 4,402,075</u>

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS - Continued

During the year ending December 31, 2021, Minnetrista's Board of Trustees voted to endow \$200,000 of funds that were donor restricted for collections, preservation, and acquisitions. This change does not impact the net asset classification on the Statements of Financial Position.

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Purpose restrictions accomplished:		
Collection Acquisitions and Maintenance Fund	\$ 10,471	\$ 93,310
School access fund	5,466	2,989
Frances Sargent Oakhurst Fund	6,046	
Art Catalog grant	8,592	
Rosemary Ball Bracken Tree & Habitat Planting Fund		6,106
Nature and art education	10,750	
Remembering Ball Stores book grant	372	
Marjorie Zeigler Fund		12,958
Bob Ross Experience		29,739
Hoosier Bicentennial Celebration 2016 Fund		7,273
Capital projects	560,125	256,922
Total restrictions released	\$ 601,822	\$ 409,297

NOTE K - ENDOWMENT FUNDS

The Board of Trustees of Minnetrista has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Minnetrista and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Minnetrista
7. Investment policies of Minnetrista

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE K - ENDOWMENT FUNDS - Continued

Endowment net assets composition by type of fund as of December 31, 2022 and 2021 were as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,835,567		\$ 1,835,567
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		\$ 3,147,466	3,147,466
Accumulated investment gains		64,338	64,338
	<u>\$ 1,835,567</u>	<u>\$ 3,211,804</u>	<u>\$ 5,047,371</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,873,785		\$ 2,873,785
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		\$ 3,047,466	3,047,466
Accumulated investment gains		110,988	110,988
	<u>\$ 2,873,785</u>	<u>\$ 3,158,454</u>	<u>\$ 6,032,239</u>

Changes in endowment net assets for the years ended December 31, 2022 and 2021, were as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grant income		\$ 100,000	\$ 100,000
Investment loss, net	\$ (849,729)	(35,138)	(884,867)
Total revenue and support	<u>(849,729)</u>	<u>64,862</u>	<u>(784,867)</u>
Appropriation of endowment assets for expenditure	188,489	11,512	200,001
Change in endowment net assets	<u>(1,038,218)</u>	<u>53,350</u>	<u>(984,868)</u>
Endowment net assets, beginning of year	<u>2,873,785</u>	<u>3,158,454</u>	<u>6,032,239</u>
Endowment net assets, end of year	<u>\$ 1,835,567</u>	<u>\$ 3,211,804</u>	<u>\$ 5,047,371</u>

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE K - ENDOWMENT FUNDS - Continued

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue and support			
Contributions and grant income		\$ 100,725	\$ 100,725
Investment return, net	\$ 877,024	36,535	913,559
Total revenue and support	<u>877,024</u>	<u>137,260</u>	<u>1,014,284</u>
Appropriation of endowment assets for expenditure	<u>181,748</u>	<u>2,989</u>	<u>184,737</u>
Change in endowment net assets	695,276	134,271	829,547
Endowment net assets, beginning of year	<u>2,178,509</u>	<u>3,024,183</u>	<u>5,202,692</u>
Endowment net assets, end of year	<u>\$ 2,873,785</u>	<u>\$ 3,158,454</u>	<u>\$ 6,032,239</u>

NOTE L - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates Minnetrista's revenue from contracts with customers based on the type of revenue for the years ended December 31, 2022 and 2021:

	2022	2021
Admissions	\$ 116,416	\$ 168,765
Programs	139,750	112,692
Membership dues	39,269	36,240
Retail operations	321,082	288,892
Hospitality	<u>257,973</u>	<u>112,727</u>
	<u>\$ 874,490</u>	<u>\$ 719,316</u>

The revenue from contracts with customers consists of performance obligations satisfied at a point in time.

NOTE M - RELATED-PARTY TRANSACTIONS

Ball Brothers Foundation donated \$2,760,000 and \$2,700,000 in operating and capital grants to Minnetrista in 2022 and 2021, respectively, and has made similar commitments for 2023.

The George and Frances Ball Foundation donated \$1,115,000 and \$1,110,000 in operating and capital grants to Minnetrista in 2022 and 2021, respectively, and has made similar operating and capital grant commitments for 2023.

The Edmund F. and Virginia B. Ball Foundation donated \$100,000 and \$100,000 in grants to Minnetrista in 2022 and 2021, respectively.

Board members made donations to Minnetrista totaling \$11,093 and \$10,313 during the years ended December 31, 2022 and 2021, respectively.

Minnetrista Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE M - RELATED-PARTY TRANSACTIONS - Continued

Minnetrista offers a ten to fifteen percent (10-15%) discount on all retail shop purchases to its employees, certain classes of members and certain other related parties. The dollar amount of these discounts for the years ended December 31, 2022 and 2021 are \$11,660 and \$6,768, respectively.

NOTE N - BANK LINE OF CREDIT

Minnetrista opened a line of credit with a commercial bank which provides borrowings up to \$250,000 during the year ending December 31, 2022. Advances bear a variable interest rate which was 6.32% on December 31, 2022, and are unsecured. Outstanding borrowings under this arrangement at December 31, 2022 were \$-0-. The line of credit is payable on demand.

NOTE O - OPERATING LEASES

Minnetrista has non-cancelable operating leases for office equipment expiring through February 2027. Monthly payments of \$2,631 are required as well as payment for charges over the usage limit.

The amounts charged to expense in 2022 and 2021 for all leases were \$30,978 and \$40,256, respectively.

The following table discloses the undiscounted cash flows due related to operating leases, as of December 31, 2022, along with a reconciliation to the discounted amount recorded on the Statements of Financial Position.

2023	\$	31,578
2024		31,578
2025		31,578
2026		31,578
2027		5,263
Thereafter		<u>-0-</u>
		131,575
Present value discount		<u>(11,307)</u>
	\$	<u><u>120,268</u></u>

NOTE P - 401(k) PROFIT-SHARING PLAN

Prior to January 1, 2003, Minnetrista had a money-purchase plan for the benefit of all eligible employees. On January 1, 2003, all assets of the plan were transferred to the 401(k) profit-sharing plan that was established in 1999 for the benefit of all eligible employees. Eligible employees consist of those who are at least twenty-one years of age and who have completed one year of service. Employees may elect to make contributions in any amount that does not exceed the limitations set forth in the plan. Minnetrista contributes 3% of each participant's compensation to the plan. Participant contributions of up to 3% of their compensation are matched 100% and 4% to 5% are matched 50% by Minnetrista. Minnetrista's contributions to the plan totaled \$122,263 and \$111,829 for the years ended December 31, 2022 and 2021, respectively.

Minnetrستا Cultural Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE Q - LIQUIDITY

Minnetrستا has financial assets available within one year of the Statements of Financial Position date consisting the following:

	2022	2021
Cash and cash equivalents	\$ 437,688	\$ 928,336
Accounts receivable	45,541	3,622
Grants receivable	1,824	2,170
	\$ 485,053	\$ 934,128

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statements of Financial Position date. As part of its liquidity management, Minnetrista invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

NOTE R - BEQUESTS

Bequests from estates are recorded when Minnetrista is notified by the executor or other representative of a deceased person of an amount due to Minnetrista from an estate.

NOTE S - SUBSEQUENT EVENTS

Minnetrستا has evaluated subsequent events through March 16, 2023, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, have been incorporated into these financial statements herein.

NOTE T - CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2021, Minnetrista changed its accounting policy regarding the capitalization of collections. Minnetrista has elected to not capitalize collections in accordance with *FASB ASC 958-605-25-19 Works of Art, Historical Collections and Similar Items*. Previously, Minnetrista's policy was to capitalize collections acquired through purchase or donation having a certified appraised value of \$5,000 or more. The change in policy has been made due to management's opinion that reporting collections on the Statement of Financial Position is no longer a suggested practice in the museum field and removing the collections better aligns Minnetrista with its peers when comparing financial data. The adjustment to remove the collections from the Statements of Financial Position resulted in a decrease in net assets of \$2,538,230 as of December 31, 2020.

NOTE U - ADOPTION OF NEW ACCOUNTING PRINCIPLE

Effective for its 2022 annual financial statements, Minnetrista adopted new accounting standards issued by FASB that require significant changes in accounting for operating leases under which Minnetrista is lessee, and in the method and timing of recognition of certain nonlease contract revenues and certain incremental expenses such as sales commissions. Upon adoption, among other effects, Minnetrista is required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes entail certain retrospective adjustments.