

**CONSERVATION CENTER FOR
ART AND HISTORIC ARTIFACTS**

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

YEARS ENDED DECEMBER 31, 2023 AND 2022



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Independent Auditor's Report

To the Board of Directors of
Conservation Center for Art and Historic Artifacts
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Conservation Center for Art and Historic Artifacts which comprise the statements of financial position as of December 31, 2023 and 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Conservation Center for Art and Historic Artifacts as of December 31, 2023 and 2022, 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. 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 Conservation Center for Art and Historic Artifacts and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Conservation Center for Art and Historic Artifacts' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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 generally accepted auditing standards, we:

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



September 6, 2024

 ISDANER & COMPANY_{LLC}

One Bala Plaza • Suite 502 • Bala Cynwyd • Pennsylvania • 19004-1407 • Main: 610-668-4200 • Fax: 610-667-4329 • www.isdamerllc.com

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CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 333,469	\$ 671,257
Accounts receivable, net	396,817	660,720
Grants receivable, current	556,398	680,130
Prepaid expenses	71,164	70,818
Total current assets	1,357,848	2,082,925
Furniture and equipment, net	190,879	86,714
Restricted cash equivalents	535,000	535,000
Grants receivable, noncurrent	5,000	-
Investments - endowment, at fair value	1,560,778	1,384,397
Right-of-use assets, net - operating lease	352,428	573,239
Right-of-use assets, net - finance lease	21,686	-
	2,665,771	2,579,350
Total assets	\$ 4,023,619	\$ 4,662,275

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 77,189	\$ 69,236
Accrued expenses	67,529	58,968
Client deposits	480,350	477,257
Notes payable - current portion	11,985	10,000
Operating lease liability, current	239,577	220,811
Finance lease liability, current	4,151	-
Total current liabilities	880,781	836,272
Notes payable - noncurrent portion	161,348	173,333
Operating lease liability, noncurrent	148,289	387,866
Finance lease liability, noncurrent	17,534	-
Total liabilities	1,207,952	1,397,471
Net assets:		
Without donor restrictions	798,802	1,213,288
With donor restrictions	2,016,865	2,051,516
	2,815,667	3,264,804
Total liabilities and net assets	\$ 4,023,619	\$ 4,662,275

The accompanying notes are an integral part of these statements.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Conservation services	\$ 2,662,953	\$ -	\$ 2,662,953	\$ 2,314,478	\$ -	\$ 2,314,478
Membership dues	3,555	-	3,555	4,765	-	4,765
Workshop registration fees	1,350	-	1,350	15,908	-	15,908
Grants	7,870	359,837	367,707	18,000	457,540	475,540
Contributions	30,496	-	30,496	26,621	-	26,621
Dividends and interest income	96,708	-	96,708	51,272	-	51,272
Net assets released from restrictions	482,539	(482,539)	-	464,394	(464,394)	-
	<u>3,285,471</u>	<u>(122,702)</u>	<u>3,162,769</u>	<u>2,895,438</u>	<u>(6,854)</u>	<u>2,888,584</u>
Expenses:						
Program	3,333,924	-	3,333,924	2,644,425	-	2,644,425
Administrative	341,056	-	341,056	276,317	-	276,317
Fundraising	86,973	-	86,973	178,224	-	178,224
	<u>3,761,953</u>	<u>-</u>	<u>3,761,953</u>	<u>3,098,966</u>	<u>-</u>	<u>3,098,966</u>
Change in net assets from operating activities	(476,482)	(122,702)	(599,184)	(203,528)	(6,854)	(210,382)
Net (loss) gain on investments	61,996	88,051	150,047	(107,402)	(222,932)	(330,334)
	<u>61,996</u>	<u>88,051</u>	<u>150,047</u>	<u>(107,402)</u>	<u>(222,932)</u>	<u>(330,334)</u>
Change in net assets	(414,486)	(34,651)	(449,137)	(310,930)	(229,786)	(540,716)
Net assets at beginning of year	1,213,288	2,051,516	3,264,804	1,524,218	2,281,302	3,805,520
Net assets at end of year	<u>\$ 798,802</u>	<u>\$ 2,016,865</u>	<u>\$ 2,815,667</u>	<u>\$ 1,213,288</u>	<u>\$ 2,051,516</u>	<u>\$ 3,264,804</u>

The accompanying notes are an integral part of these statements.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,977,325	\$ 68,235	\$ 51,724	\$ 2,097,284	\$ 1,581,130	\$ 123,107	\$ 111,664	\$ 1,815,901
Fringe benefits and payroll taxes	383,845	13,246	10,041	407,132	321,174	25,007	22,682	368,863
Outside contractors	326,519	85,651	11,479	423,649	145,039	10,396	10,695	166,130
Conservation supplies and equipment	89,439	-	-	89,439	82,311	-	-	82,311
Depreciation	25,403	877	665	26,945	17,785	1,385	1,256	20,426
Bad debt expense	-	54,317	-	54,317	-	-	-	-
Dues, subscriptions, publications	5,661	-	-	5,661	4,051	-	-	4,051
Education and professional development	3,845	-	-	3,845	7,998	-	-	7,998
Insurance	28,398	980	743	30,121	28,774	2,240	2,032	33,046
Interest	-	9,942	-	9,942	-	5,250	-	5,250
Bank fees	-	10,784	-	10,784	-	15,424	-	15,424
Maintenance and repairs	8,559	295	224	9,078	8,621	671	609	9,901
Marketing and advertising	17,580	607	460	18,647	16,062	1,251	1,134	18,447
Office and miscellaneous	16,572	572	434	17,578	13,986	1,089	988	16,063
Office rent and property charges	308,129	10,633	8,060	326,822	282,885	22,025	19,978	324,888
Photography	9,916	-	-	9,916	6,665	-	-	6,665
Postage, freight, delivery	7,967	275	208	8,450	9,323	726	658	10,707
Printing and duplicating	13,109	452	343	13,904	6,701	522	473	7,696
Professional fees	-	78,629	-	78,629	-	58,408	-	58,408
Security	3,276	-	-	3,276	7,714	-	-	7,714
Technology	13,431	2,483	260	16,174	11,742	2,782	582	15,106
Telephone	17,527	605	458	18,590	11,118	866	785	12,769
Travel	47,253	1,631	1,236	50,120	48,719	3,793	3,441	55,953
Utilities	24,402	842	638	25,882	17,662	1,375	1,247	20,284
Workshops	5,768	-	-	5,768	14,965	-	-	14,965
	<u>\$ 3,333,924</u>	<u>\$ 341,056</u>	<u>\$ 86,973</u>	<u>\$ 3,761,953</u>	<u>\$ 2,644,425</u>	<u>\$ 276,317</u>	<u>\$ 178,224</u>	<u>\$ 3,098,966</u>

The accompanying notes are an integral part of these statements.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (449,137)	\$ (540,716)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net loss (gain) on investments	(150,047)	330,334
Depreciation	26,945	20,426
Right-of-Use Asset lease incentive adjustment	-	35,438
Allowance for bad debt	54,317	-
Change in operating assets and liabilities:		
Accounts receivable	209,586	(155,609)
Grants receivable	118,732	(6,834)
Prepaid expenses	(347)	824
Accounts payable	7,953	(14,138)
Accrued expenses	8,561	9,777
Client deposits	3,093	64,349
Net cash used in operating activities	(170,344)	(256,149)
Cash flows from investing activities:		
Additions to furniture and equipment	(131,110)	(63,612)
Purchase of investments	(60,834)	(111,623)
Proceeds from sale of investments	34,500	30,000
Net cash used in investing activities	(157,444)	(145,235)
Cash flows from financing activities:		
Repayments of note payable	(10,000)	(10,000)
Net cash used in financing activities	(10,000)	(10,000)
Net decrease in cash and cash equivalents and restricted cash equivalents	(337,788)	(411,384)
Cash and cash equivalents and restricted cash equivalents at beginning of year	1,206,257	1,617,641
Cash and cash equivalents and restricted cash equivalents at end of year	\$ 868,469	\$ 1,206,257
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 9,942	\$ 5,250
Non-cash investing and financing activity:		
Right-of-Use Asset Recognition	\$ -	\$ 573,239
Lease Liability Recognition	\$ -	\$ 608,677
Equipment acquired under finance lease obligations	\$ 21,686	\$ -

The accompanying notes are an integral part of these statements.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(1) OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Conservation Center for Art and Historic Artifacts (the “Center”) provides expertise and leadership in the preservation of objects of artistic, historic or archival value, such as prints, drawings, watercolors, and photographs. The Center also provides consulting and educational services for its members, comprised of cultural, research and educational institutions, as well as individuals and private organizations throughout the United States.

Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Resources in the financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Center has \$1,045,492 of net assets to be held in perpetuity as of December 31, 2023 and 2022.

The Center has elected to report as without donor restrictions, donor-restricted contributions whose restrictions are met in the same reporting period.

Adoption of New Accounting Pronouncement

Effective January 1, 2023, the Company adopted Accounting Standards Update (“ASU”) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASC 326”). This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Conservation Services

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, revenues from fixed-fee conservation service contracts are recognized over time, as performance obligations are satisfied, which occurs as services are performed. The Center's contracts typically represent a single performance obligation because integrated service components are not individually identifiable. Revenues are measured based on the amount of consideration expected to be collected from the customers. Progress toward contract completion is measured by the percentage of actual costs incurred to date to total estimated costs for each contract. Related costs are expensed as incurred. Payments received in advance of services performed are recorded as contract liabilities (client deposits). Balances due from clients are included in accounts receivable and are stated at net realizable value.

The accounts receivable balance is shown net of allowances for doubtful accounts. The allowance reflects management's best estimate of probable losses inherent in accounts receivable based on an aging analysis of the customer's outstanding balance and on known troubled accounts, historical experience, other currently available evidence and current economic conditions. Accounts are written off when all reasonable internal and external collection efforts have been carried out. In 2023 two customer balances totaling \$51,045 were written off due to the customers' financial inability to pay. The allowance for doubtful accounts at December 31, 2023 and 2022 was \$5,000 and \$1,728, respectively.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the grants and contributions are received. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions.

The Center reports unconditional promises to give as grants receivable. No allowance for uncollectable grants receivables was considered necessary at December 31, 2023 or 2022. The difference between grants receivable due in one to five years and its discounted present value is not material and, accordingly, no discount has been recorded.

Cash and Cash Equivalents and Restricted Cash Equivalents

The Center considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in operating accounts at major financial institutions and also in money market mutual funds. At times cash balances are in excess of the \$250,000 insurance limits established by the Federal Deposit Insurance Corporation. No losses have been incurred to date.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Cash and restricted cash are reported in the statements of financial position and cash flows as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 333,469	\$ 671,257
Restricted cash equivalents	<u>535,000</u>	<u>535,000</u>
Total cash and cash equivalents and restricted cash equivalents in the statements on cash flows	<u>\$ 868,469</u>	<u>\$ 1,206,257</u>

Fair Value Measurements

Investments are stated at fair value based on quoted market prices. Realized and unrealized gains and losses are included in the statements of activities. Dividend and interest are reported as income as they are earned. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. See Note 2 for a summary of inputs used to value the Center's investments reported at fair value.

Furniture and Equipment

Purchased furniture and equipment is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which is generally five years. Major renewals and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the assets are expensed as incurred. Accumulated depreciation at December 31, 2023 and 2022 was \$951,977 and \$925,032, respectively.

Long-lived assets held and used by the Center are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Leases

The Center determines if an arrangement is a lease at inception. Operating and finance leases are included in right-of-use ("ROU") assets and lease liability, current and noncurrent, on the balance sheet.

ROU assets represent the Center's right to use an underlying asset for the lease term and lease liabilities represent the Center's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of variable lease payments over the remaining lease term. For the office space operating lease described in Note 6, the Center used an estimated incremental borrowing rate of 6.0% based on the prime rate information available at the commencement date in determining the present value of lease payments, as the lease did not provide an implicit rate. For the copier finance lease described in Note 6, the Center used an estimated incremental borrowing rate of 8.25% based on the prime rate information available at the commencement date in determining the present value of lease payments, as the lease did not provide an implicit rate. Lease expense for both operating and finance lease payments are recognized on a straight-line basis over the remaining lease terms.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Income Taxes

The Center is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. Pursuant to FASB ASC Topic 740, *Income Taxes*, the Center recognizes tax benefits only if it is more likely than not that a tax position (including the Center’s assertion that its income is exempt from tax) will be sustained upon examination. No liability for uncertain tax positions was recorded as of December 31, 2023.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs applicable to more than one program or activity have been allocated among the programs and supporting services based on activities of personnel and the usage of materials and services.

Subsequent Events

The Center has evaluated subsequent events through September 6, 2024, which is the date the financial statements were available to be issued.

(2) INVESTMENTS

Investments consist of mutual funds valued at quoted market prices. The following table sets forth the Center’s investments in mutual funds within the fair value hierarchy as of December 31, 2023 and 2022:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>2023</u>			
Mutual Funds	<u>\$ 1,560,778</u>	<u>\$ 1,560,778</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2022</u>			
Mutual Funds	<u>\$ 1,384,397</u>	<u>\$ 1,384,397</u>	<u>\$ -</u>	<u>\$ -</u>

(3) DEBT

Line of Credit

On March 28, 2022 the Center entered into a line of credit with a limit of \$200,000. Interest accrues at the bank’s prime rate plus 3.50%. Borrowings are due on demand and are collateralized by a security interest in all of the Center’s assets. No balance was outstanding on the line of credit at December 31, 2023 or 2022.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Notes Payable

In 2020 the Center executed a Promissory Note for \$50,000 payable to the Philadelphia Economic Development Corporation as part of a COVID-19 Small Business Relief Program. The loan is interest free and is payable in 60 monthly principal payments of \$833 that began May 1, 2021 and continues through April 1, 2026, the maturity date of the loan.

During June 2020 the Center was approved for a COVID-19 Economic Injury Disaster loan from the U.S. Small Business Administration (“SBA”) in the amount of \$150,000. The loan is payable in monthly payments of \$641, including interest and principal, over a thirty year period beginning June 15, 2022. The loan accrues interest at a rate of 2.75% per annum and all payments will be applied first to the interest balance that has accrued since the loan was initially advanced to the Center. The SBA will maintain a security interest as collateral on all tangible and intangible personal property of the Center during the term of this loan.

Annual maturities of long term debt are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 11,985
2025	14,046
2026	7,482
2027	4,255
2028	4,364
Thereafter	<u>131,201</u>
	<u>\$ 173,333</u>

(4) NET ASSETS WITH DONOR RESTRICTIONS

The following amounts represent net assets with donor restrictions as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Restricted for conservation and preservation services	\$ 441,444	\$ 344,646
Time restricted for operating activities	179,500	364,500
Restricted cash equivalents	535,000	535,000
Endowment held in perpetuity	510,492	510,492
Investment gains on endowment held in perpetuity in excess of spending	<u>350,429</u>	<u>296,878</u>
	<u>\$ 2,016,865</u>	<u>\$ 2,051,516</u>

(5) RETIREMENT PLAN

The Center has a 403(b) retirement plan (the “Plan”) covering those employees who work a minimum of 1,000 hours per year and have been employees of the Center for a 12-month period. Under the Plan, the Center matches employee contributions up to 5% of gross salary. The Center’s contributions for the years ended December 31, 2023 and 2022 were \$65,486 and \$61,223, respectively.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(6) LEASE COMMITMENTS

The Center leases facilities and certain office equipment under operating leases. The Center is responsible for minimum monthly rent plus operating costs. Rent expense, including operating charges, was \$326,823 and \$324,888 for the years ended December 31, 2023 and 2022, respectively.

Future minimum lease payments under all material operating leases at December 31, 2023 as follows:

2024	\$ 256,369
2025	<u>151,269</u>
Total future minimum lease payments	407,638
Less imputed interest	<u>(19,772)</u>
Total lease liabilities	387,866
Less current portion	<u>(239,577)</u>
Lease liability, non-current	<u><u>\$ 148,289</u></u>

Future minimum lease payments under all material finance leases at December 31, 2023 as follows:

2024	\$ 5,785
2025	5,785
2026	5,785
2027	5,785
2028	<u>2,893</u>
Total future minimum lease payments	26,033
Less imputed interest	<u>(4,348)</u>
Total lease liabilities	21,685
Less current portion	<u>(4,151)</u>
Lease liability, non-current	<u><u>\$ 17,534</u></u>

(7) MAJOR DONORS

Two donors accounted for 94% and 89% of total grant revenue for the years ended December 31, 2023 and 2022, respectively. Two donors accounted for 87% and 75% of grants receivable at December 31, 2023 and 2022, respectively.

CONSERVATION CENTER FOR ART AND HISTORIC ARTIFACTS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(8) ENDOWMENT FUNDS

The Center's endowment funds consist of (a) donor-restricted endowment funds and (b) unrestricted funds functioning as endowment through designation by the Board of Directors. The Center's donor-restricted endowment funds were established to support future programs and operations. The Center's board-designated unrestricted endowment funds support a fellowship program in memory of a former employee (Glen Ruzicka Legacy Fund).

Endowment fund assets are managed as a diversified portfolio including equity and fixed-income components. The Center has a total return policy of appropriating for distribution each year a percentage (from two to seven percent) of the endowment fund's average fair value over the prior three calendar years. Any undistributed income after the allocation of the total return distribution is added to net assets with donor restrictions. In establishing this policy, the Center considered the long-term expected return on its endowment as well as its objective to maintain the purchasing power of the endowment assets and provide additional real growth through new gifts and investment return.

Changes in endowment funds for the years ended December 31, 2023 and 2022 were as follows:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Glen Ruzicka Legacy Fund</u>		
Endowment net assets, January 1, 2022	\$ 536,434	\$ 66,372	\$ 1,030,302	\$ 1,633,108
Additions	72,511	-	-	72,511
Net Depreciation	(102,733)	(10,446)	(217,155)	(330,334)
Investment Income	13,565	1,324	24,223	39,112
Appropriation of endowment assets for expenditure	-	-	(30,000)	(30,000)
Endowment net assets, January 1, 2023	519,777	57,250	807,370	1,384,397
Net Appreciation	57,159	4,837	88,051	150,047
Investment Income	19,236	1,975	39,623	60,834
Appropriation of endowment assets for expenditure	-	-	(34,500)	(34,500)
Endowment net assets, December 31, 2023	<u>\$ 596,172</u>	<u>\$ 64,062</u>	<u>\$ 900,544</u>	<u>\$ 1,560,778</u>

(9) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include cash and cash equivalents, accounts receivable and grants receivable approximating \$1,286,684. As part of the Board's liquidity management plan, the Center has a goal to maintain financial assets, which consist of cash and cash equivalents, accounts receivable, and grants receivable, on hand to meet normal operating expenses.