

HISTORIC DEERFIELD, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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**HISTORIC DEERFIELD, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Historic Deerfield, Inc.
Deerfield, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Historic Deerfield, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 the Organization as of June 30, 2022 and 2021, and the results of 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 Auditors' 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 2, 2022

HISTORIC DEERFIELD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 229,111	\$ 1,440,525
Accounts Receivable, Net	17,810	21,688
Contributions and Grants Receivable, Net	1,061,780	262,463
Inventories	219,416	237,709
Prepaid Expenses	112,334	52,213
Total Current Assets	1,640,451	2,014,598
OTHER ASSETS		
Investments	52,966,848	60,701,620
Beneficial Interest In Trust	161,626	204,130
Contributions Receivable, Net	205,706	710,458
Property and Equipment, Net	13,190,465	13,122,318
Collections (See Note 2)	-	-
Other Assets	160,982	220,575
Total Other Assets	66,685,627	74,959,101
Total Assets	\$ 68,326,078	\$ 76,973,699
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,053,162	\$ 1,076,266
Deferred Revenue	54,995	134,790
Refundable Advance	1,125,136	1,125,136
Current Portion of Long-Term Debt	129,611	117,820
Total Current Liabilities	2,362,904	2,454,012
Long-Term Debt, Net	933,093	1,061,347
Total Liabilities	3,295,997	3,515,359
NET ASSETS		
Without Donor Restrictions	30,228,534	34,355,787
With Donor Restrictions	34,801,547	39,102,553
Total Net Assets	65,030,081	73,458,340
Total Liabilities and Net Assets	\$ 68,326,078	\$ 76,973,699

See accompanying Notes to Financial Statements.

HISTORIC DEERFIELD, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUE				
Museum Admissions	\$ 59,773	\$ -	\$ 59,773	\$ 15,226
Other Museum Related Income	32,788	-	32,788	60,552
Academic Program Income	500	-	500	8,500
Museum Store Sales	170,939	-	170,939	96,943
Deerfield Inn	3,009,717	-	3,009,717	1,561,272
Rent	404,266	-	404,266	604,596
Gifts and Grants	1,258,548	1,231,358	2,489,906	3,123,939
Spending Policy Used for Operations	1,254,731	1,484,856	2,739,587	2,931,793
Miscellaneous Income	98,933	-	98,933	5,256
Net Assets Released from Restrictions	1,605,238	(1,605,238)	-	-
Total Operating Revenue	<u>7,895,433</u>	<u>1,110,976</u>	<u>9,006,409</u>	<u>8,408,077</u>
EXPENSES				
Program Services:				
Museum Operations	1,901,687	-	1,901,687	1,635,471
Education	792,288	-	792,288	559,171
Visitor Services	213,177	-	213,177	154,202
Deerfield Inn	3,295,093	-	3,295,093	2,218,781
Rentals and Special Events	387,324	-	387,324	329,717
Total Program Services	<u>6,589,569</u>	<u>-</u>	<u>6,589,569</u>	<u>4,897,342</u>
Supporting Services:				
General and Administrative	1,569,476	-	1,569,476	1,058,629
Fundraising	117,334	-	117,334	326,403
Total Expenses	<u>8,276,379</u>	<u>-</u>	<u>8,276,379</u>	<u>6,282,374</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(380,946)	1,110,976	730,030	2,125,703
OTHER CHANGES IN NET ASSETS				
Investment Income (Loss), Net	(2,351,367)	(3,883,409)	(6,234,776)	15,682,571
Change in Value of Trust	-	(43,717)	(43,717)	36,739
Loss on Disposal of Equipment	(13,241)	-	(13,241)	-
Spending Policy Used for Operations	(1,254,731)	(1,484,856)	(2,739,587)	(2,931,793)
Total Other Changes in Net Assets	<u>(3,619,339)</u>	<u>(5,411,982)</u>	<u>(9,031,321)</u>	<u>12,787,517</u>
CHANGES IN NET ASSETS RELATED TO COLLECTION ITEMS				
Deaccessions	16,403	-	16,403	140,244
Collections	(143,371)	-	(143,371)	(143,701)
Total Changes in Net Assets Related to Collection Items	<u>(126,968)</u>	<u>-</u>	<u>(126,968)</u>	<u>(3,457)</u>
CHANGE IN NET ASSETS	(4,127,253)	(4,301,006)	(8,428,259)	14,909,763
Net Assets - Beginning of Year	<u>34,355,787</u>	<u>39,102,553</u>	<u>73,458,340</u>	<u>58,548,577</u>
NET ASSETS - END OF YEAR	<u>\$ 30,228,534</u>	<u>\$ 34,801,547</u>	<u>\$ 65,030,081</u>	<u>\$ 73,458,340</u>

See accompanying Notes to Financial Statements.

**HISTORIC DEERFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services					Support Services				Total
	Museum Operations	Education	Visitor Services	Deerfield Inn	Rentals and Special Events	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and Benefits	\$ 716,951	\$ 488,909	\$ 78,190	\$ 1,712,079	\$ -	\$ 2,996,129	\$ 713,665	\$ 30,400	\$ 744,065	\$ 3,740,194
Professional Services	-	-	-	-	2,248	2,248	80,508	-	80,508	82,756
Operating Expenses	666,664	184,414	117,576	1,189,092	224,201	2,381,947	627,232	85,654	712,886	3,094,833
Property and Occupancy	248,943	26,512	11,726	261,528	114,304	663,013	95,159	-	95,159	758,172
Depreciation	269,129	92,453	5,685	132,394	46,571	546,232	52,912	1,280	54,192	600,424
Total Expenses	<u>\$ 1,901,687</u>	<u>\$ 792,288</u>	<u>\$ 213,177</u>	<u>\$ 3,295,093</u>	<u>\$ 387,324</u>	<u>\$ 6,589,569</u>	<u>\$ 1,569,476</u>	<u>\$ 117,334</u>	<u>\$ 1,686,810</u>	<u>\$ 8,276,379</u>

See accompanying Notes to Financial Statements.

**HISTORIC DEERFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services					Support Services				Total
	Museum Operations	Education	Visitor Services	Deerfield Inn	Rentals and Special Events	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and Benefits	\$ 547,816	\$ 378,266	\$ 52,599	\$ 1,150,735	\$ 434	\$ 2,129,850	\$ 602,021	\$ 231,567	\$ 833,588	\$ 2,963,438
Professional Services	-	-	-	-	-	-	90,745	-	90,745	90,745
Operating Expenses	527,437	86,179	83,940	736,158	186,981	1,620,695	289,551	94,170	383,721	2,004,416
Property and Occupancy	282,261	32,939	10,496	198,442	94,018	618,156	32,356	-	32,356	650,512
Depreciation	277,957	61,787	7,167	133,446	48,284	528,641	43,956	666	44,622	573,263
Total Expenses	\$ 1,635,471	\$ 559,171	\$ 154,202	\$ 2,218,781	\$ 329,717	\$ 4,897,342	\$ 1,058,629	\$ 326,403	\$ 1,385,032	\$ 6,282,374

See accompanying Notes to Financial Statements.

HISTORIC DEERFIELD, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,428,259)	\$ 14,909,763
Adjustments to Reconcile Change in Net Assets to Net Cash provided by Operating Activities:		
Net Accessions	143,371	143,701
Net Deaccessions	(16,403)	(140,244)
Depreciation	600,423	573,263
Net Realized and Unrealized (Gain) Loss on Investments	8,765,996	(14,448,819)
Change in Value of Trust	43,717	(36,739)
Loss on Disposal of Property and Equipment	13,241	-
Contributions Restricted for Long-Term Investment	(23,000)	(10,250)
Amortization of Debt Issuance Costs	47,018	45,838
Change in Allowance for Uncollectible Contributions Receivable	(21,051)	(22,431)
Change in Contributions Receivable Discount	(5,874)	5,936
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	3,878	(5,835)
Contributions and Grants Receivable, Net	(309,640)	133,625
Inventories	18,293	48,397
Prepaid Expenses and Other Assets	(60,121)	(48,404)
Other Assets	59,593	(51,657)
Accounts Payable and Accrued Expenses	(24,317)	290,729
Deferred Revenue	(79,795)	75,755
Refundable Advance	-	203,511
Net Cash Provided by Operating Activities	727,070	1,666,139
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	8,732,681	12,313,186
Purchase of Investments	(9,763,905)	(13,063,553)
Proceeds from Disposal of Property and Equipment	5,000	-
Purchases of Property and Equipment	(686,811)	(1,328,214)
Net Accessions	(143,371)	(143,701)
Net Deaccessions	16,403	140,244
Net Cash Used in Investing Activities	(1,840,003)	(2,082,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Long-Term Investments	65,000	125,250
Net Borrowings from Margin Loan	-	(181,756)
Proceeds from Notes Payable	-	878,320
Principal Payments on Long-Term Debt	(163,481)	(116,500)
Net Cash Provided (Used) by Financing Activities	(98,481)	705,314
NET INCREASE (DECREASE) IN CASH	(1,211,414)	289,415
Cash - Beginning of Year	1,440,525	1,151,110
CASH - END OF YEAR	\$ 229,111	\$ 1,440,525
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	\$ 16,964	\$ 5,586
Accrued Construction in Progress Costs	\$ -	\$ 138,085

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 NATURE OF OPERATIONS

Nature of Organization

Historic Deerfield, Inc. (the Organization) is a museum of early New England history, architecture and decorative arts located in Deerfield, Massachusetts. It maintains and operates buildings as exhibition areas open to the general public and conducts a broad range of educational programs and auxiliary operations which include the Deerfield Inn and Museum Store.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standard

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. Adoption did not have a significant impact on the Organization's financial statements.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative financial information. The statement of activities presents information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Accordingly, the financial statements present net assets, revenues, gains, and losses in separate classes based on the existence or absence of donor-imposed restrictions or on those imposed by operation of law. Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations or to those imposed by law. Net assets without donor restrictions may be designated for specific purposes by action of the Organization's board of trustees (the board) or may otherwise be limited by contractual agreements with outside parties. Any portion of board-designated funds may be expended with the approval of the board.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors or to those imposed by law. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of assets with perpetual donor restrictions permit the Organization to use, for general or specific purposes, all or part of the net investment return, if any. The change in net assets with donor restrictions is impacted primarily by contributions with time and donor constraints and endowment investment income which has yet to be appropriated for expenditure.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash held at depository institutions and cash equivalents with a maturity of 90 days or less when purchased, except for those that are purchased for the Organization's investment accounts. Cash and cash equivalents are maintained with a national bank and it is the Organization's policy to monitor this bank's financial strength on an ongoing basis. At times, such amounts may exceed federally insured limits. At June 30, 2022, the Organization had cash balances in excess of federally insured limits of approximately \$1,264,000. The Organization had no cash equivalents or restricted cash at June 30, 2022 and 2021.

Contributions Receivable

Contributions receivable represent unconditional promises to give that are recognized in the period in which the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are discounted at a rate commensurate with the risk involved. Accretion of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. On a periodic basis, the Organization evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections, and current credit conditions.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) and net realizable value.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried at fair value (see Note 7). Realized and unrealized gains, and losses and investment income, net of external investment expenses, are recorded in the statement of activities as net assets without donor restrictions unless restricted by donor stipulation or by operation of law. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Organization's gains and losses on investments bought and sold as well as held during the year. Investment oversight is provided by the Organization's Investment Committee.

Board-designated and donor-restricted endowment funds are invested on a pooled basis. Funds are added to or withdrawn from the pool at their share of the then current fair value of the pooled assets. Income and realized and unrealized gains and losses from the funds are distributed based on each fund's proportionate share of the investment pool's fair market value, which is determined on a quarterly basis.

Beneficial Interest in Trust

The Organization is the sole beneficiary of a charitable remainder unitrust held with a trustee. Contributions of charitable remainder unitrusts are recorded at the estimated present value of the fair value of the assets expected to be received by the Organization, based on life expectancy of the principal beneficiary and an applicable discount rate. The change in the fair value of the beneficial interest in trust is included in change in value of trust on the statement of activities.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives, which range from 3 to 60 years. Gains or losses realized from the disposition of property and equipment are recognized in the period they are incurred. Major renewals, additions, betterments in excess of \$1,000 are capitalized. Routine repairs and maintenance to existing facilities are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As a result of its review, the Organization does not believe that any material impairment currently exists related to its long-lived assets.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as support without donor restriction. Promises to give that are scheduled to be received after the fiscal year end are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with perpetual donor restrictions. Conditional promises to give are not recognized until the conditions upon which they depend are substantially met. Conditions are donor stipulations that include a barrier that must be overcome and a right of return of assets. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statements of financial position. There were no such transfers included in deferred revenue at June 30, 2022 and 2021.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash or other assets which must be used to acquire or construct long-lived assets are reported as support with donor restrictions until the assets are placed in service, at which time they are reclassified to net assets without donor restrictions.

Deerfield Inn

The Organization derives revenue from operation of the Deerfield Inn. Hotel revenue is recognized based on room occupancy, and revenue from meals is recognized as incurred.

Collections

In accordance with the practice generally followed by museums, the Organization does not carry its collections on the statements of financial position. Since items acquired for collections by purchase are not capitalized, the cost of those acquisitions is reported as decreases in net assets in the statement of activities.

The proceeds from items disposed of are reported as increases in the appropriate class of net assets in the statement of activities. Contributed works of art, historical treasures, and similar assets that are not added to the collection are reported as assets held for sale on the statements of financial position at their fair values at the date of the gift.

Advertising

Advertising costs are expensed the first time advertising takes place and amounted to \$266,195 and \$175,573 for the years ended June 30, 2022 and 2021, respectively.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a nonprofit organization generally exempt from income taxes other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Organization has also received classification as a Massachusetts public charity. Management has determined that certain activities of the Deerfield Inn are subject to unrelated business income.

GAAP requires the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken any uncertain tax positions that more than likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2022 there are no uncertain positions taken or expected to be taken that would be recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statements of functional expenses. These costs include direct and indirect costs that have been allocated among the program and support services.

Direct Expenses and Personnel Costs – The bulk of expenses are directly charged to individual functions. Employees typically work in a single function and their salaries and benefits are directly charged to their functions.

Utilities and Property Taxes – In general, buildings are separately metered for utilities. These are therefore directly charged to the departments. Notable exceptions are Marketing and Development, which are located in the Administration Building, are not charged for utilities. For the museum houses which also have attached rental units, utilities are allocated proportionally. Property taxes are charged for specific facilities and expensed similarly to utilities.

Depreciation – Capital items are purchased by individual departments and depreciation is charged to the specific department that purchased/uses the capital items.

Insurance – Insurance (property, liability, auto, cyber, flood, etc.) is allocated to departments based upon pre-determined percentages.

Workers' Compensation Insurance – This is allocated based on the staff size within each function.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through December 2, 2022, which represents the date the financial statements were available to be issued.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, are due to be collected as follows:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 1,070,891	\$ 265,751
One to Five Years	236,553	774,054
Total	<u>1,307,444</u>	<u>1,039,805</u>
Less: Unamortized Discount (1.45%)	(19,019)	(24,893)
Less: Allowance for Doubtful Pledges	<u>(20,939)</u>	<u>(41,991)</u>
Total	1,267,486	972,921
Less: Current Portion	<u>1,061,780</u>	<u>262,463</u>
Total Long-Term Portion	<u>\$ 205,706</u>	<u>\$ 710,458</u>

As of June 30, 2022 and 2021, approximately 76% and 20%, respectively, of contributions receivable were from members of the board.

NOTE 4 INVENTORIES

Inventories consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Museum Store Inventory	\$ 144,424	\$ 182,435
Publications	195,141	195,159
Food	31,969	22,819
Liquor	42,038	31,452
Supplies	1,003	1,003
Total	<u>414,575</u>	<u>432,868</u>
Less: Reserve for Obsolete Inventory	195,159	195,159
Total Inventories	<u>\$ 219,416</u>	<u>\$ 237,709</u>

NOTE 5 INVESTMENTS

Investments at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Equities	\$ 22,895,093	\$ 28,712,474
Mutual Funds	20,539,728	25,967,349
Private Equities	8,266,111	4,775,473
Money Funds	<u>1,265,916</u>	<u>1,246,324</u>
Total	<u>\$ 52,966,848</u>	<u>\$ 60,701,620</u>

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 INVESTMENTS (CONTINUED)

Investments, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that change in the fair market value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statement of activities. Approximately \$1,918,795 of the portfolio at June 30, 2022 is being held in a separate brokerage account to serve as collateral for the Organization's Construction Loan (see Note 9).

NOTE 6 FAIR VALUE MEASUREMENTS

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs which are used to measure fair value into three broad levels, as described below:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair value hierarchy does not attempt to measure the quality of the investments. Following is a description of the valuation methodologies used for assets measured at fair value.

Equities – Valued at the closing price reported on the active market on which the individual securities are traded. Equities include domestic and foreign common stock, master limited partnerships and exchange-traded funds.

Mutual Funds and Money Funds – Valued at the net asset value (NAV) of the shares held on the last trading day of the fiscal year, which is the basis for transactions at that date. Mutual funds include equity and fixed income funds.

Convertible Preferred Stock and Rights and Warrants – Valued using quoted prices in active markets for similar securities (Level 2).

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Private Equities – Investments in private equities represent direct investments in limited partnerships. Their estimated fair values are reported at NAV per share of the investment or its equivalent, as a practical expedient for a fair value measurement, if (a) the underlying investment manager’s calculation of NAV is fair value based, and (b) the NAV has been calculated by the fund manager as of the Organization’s fiscal year-end. If the reported NAV is not as of the Organization’s year-end or is not fair value based, the Organization will adjust the NAV if deemed necessary. If the Organization determines it is not practicable to calculate an adjusted NAV, the practical expedient will not be utilized, and other valuation methodologies will be used.

Beneficial Interest in Trust – Valued using the fair value of the underlying assets, as provided but the third-party trustee.

Management believes that the investment values are fairly stated.

The following tables summarize the Organization’s assets that are accounted for at fair value within the fair value hierarchy as of June 30:

	Total	Fair Value Measurements at Report Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
June 30, 2022					
Equities:					
Domestic Common Stock	\$ 19,430,017	\$ 19,430,017	\$ -	\$ -	\$ -
Foreign Common Stock	2,575,660	2,575,660	-	-	-
Master Limited Partnerships	865,939	865,939	-	-	-
Exchange-Traded Funds	23,477	23,477	-	-	-
Mutual Funds:					
Equities	10,920,683	10,920,683	-	-	-
Fixed Income	9,619,045	9,619,045	-	-	-
Private Equities	8,266,111	-	-	-	8,266,111
Cash Equivalents	1,265,916	1,265,916	-	-	-
Total Investments Measured at Fair Value	52,966,848	44,700,737	-	-	8,266,111
Beneficial Interest in Trust	161,626	-	-	161,626	-
Total Assets Measured at Fair Value	<u>\$ 53,128,474</u>	<u>\$ 44,700,737</u>	<u>\$ -</u>	<u>\$ 161,626</u>	<u>\$ 8,266,111</u>

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2021	Total	Fair Value Measurements at Report Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
Equities:					
Domestic Common Stock	\$ 23,890,156	\$ 23,890,156	\$ -	\$ -	\$ -
Foreign Common Stock	3,103,970	3,103,970	-	-	-
Master Limited Partnerships	1,686,636	1,686,636	-	-	-
Exchange-Traded Funds	31,712	31,712	-	-	-
Mutual Funds:					
Equities	15,262,217	15,262,217	-	-	-
Fixed Income	10,705,132	10,705,132	-	-	-
Private Equities	4,775,473	-	-	-	4,775,473
Cash Equivalents	1,246,324	1,246,324	-	-	-
Total Investments Measured at Fair Value	60,701,620	55,926,147	-	-	4,775,473
Beneficial Interest in Trust	204,130	-	-	204,130	-
Total Assets Measured at Fair Value	<u>\$ 60,905,750</u>	<u>\$ 55,926,147</u>	<u>\$ -</u>	<u>\$ 204,130</u>	<u>\$ 4,775,473</u>

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the valuation methodologies used at June 30, 2022 and 2021. There were no transfers between levels of the fair value hierarchy during the years ended June 30, 2022 and 2021.

Additional information regarding investments that report fair value based on NAV per share or unit as of June 30, is as follows:

	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Notice Period
June 30, 2022				
Private Equity Funds	(a) <u>\$ 8,266,111</u>	<u>\$ 6,586,050</u>	Not Allowed	N/A
June 30, 2021				
Private Equity Funds	(a) <u>\$ 4,775,473</u>	<u>\$ 5,357,994</u>	Not Allowed	N/A

a) This category includes investments in a variety of private equity funds that invest in companies in all stages of development.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 PROPERTY AND EQUIPMENT

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

	2022	2021
Land	\$ 533,562	\$ 533,562
Land Improvements	489,766	478,315
Buildings and Improvements	22,082,847	20,280,347
Equipment, Furniture, and Fixtures	2,938,070	2,757,728
Vehicles	340,228	328,695
Books and Manuscripts	586,579	582,838
Total	26,971,052	24,961,485
Less: Accumulated Depreciation	13,806,970	13,322,897
Total	13,164,082	11,638,588
Construction in Progress	26,383	1,483,730
Total Property and Equipment, Net	\$ 13,190,465	\$ 13,122,318

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$600,423 and \$573,263, respectively. Construction in progress at June 30, 2022 is primarily comprised of a certain renovation project for real property purchased during the fiscal year 2020. The renovation project was completed in September 2021 at a total cost of approximately \$1,600,000. A portion of the renovation cost was funded with the proceeds of a Loan and Security Agreement (see Note 9).

NOTE 8 MARGIN LOAN

During 2020, the Organization entered into a margin account agreement (the Agreement) with the investment brokerage which serves as the custodian for the Organization's investment portfolio. The Agreement is collateralized by the Organization's investments. Interest will be charged at an annual rate based on the average outstanding loan balance, and will range between 1.75% to .75%, as defined. There was no outstanding loan balance at June 30, 2022 and 2021. During the years ended June 30, 2022 and 2021, the Organization paid interest of \$-0- and \$5, respectively.

NOTE 9 LONG-TERM DEBT

Collections Installment Agreement

In November 2015, the Organization received a contribution representing one-half of a donor's collection of antiques (the Collection). The Collection had a total value of approximately \$4,000,000 at the time of donation. Accordingly, the Organization recorded contribution income of \$2,000,000 at that time. The Organization paid \$13,000 and entered into an installment note payable (the Installment Agreement) in the amount of \$1,987,000 with the donor for the purchase of the remaining half of the collection of antiques.

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 LONG-TERM DEBT (CONTINUED)

Collections Installment Agreement (Continued)

Payments are being made in annual interest-free installments ranging from \$58,500 to \$128,500 through December 2024. The Installment Agreement has been discounted using a rate of 5.32%, the rate which would be expected to be obtained from another lender. The Organization was in compliance with all covenants during 2022 and 2021.

Construction Loan

On December 22, 2020, the Organization entered into a Loan and Security Agreement (the Loan) with TD Bank, N.A. (the Bank) for a nonrevolving line of credit and term note (the Note) in the amount of up to \$1,090,000. The proceeds of the Note were used for the renovation of certain real property (see Note 7). Interest only payments were made monthly in arrears on the outstanding principal advanced from December 22, 2020 through August 22, 2021. The outstanding principal balance at June 30, 2021 was \$878,320 and the Organization made total interest payments of \$5,581 for the year then ended (1.79% at June 30, 2021). On September 22, 2021, the then outstanding balance of \$877,671 was amortized over period of 171 months and the Organization began making monthly principal and interest payments of \$5,828. The Loan is secured by a separate brokerage account (see Note 5), the balance of which must at all times be equal to at least two times the outstanding principal balance. Such balance is measured semi-annually.

The outstanding balances of the Organization's long-term debt at June 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Collection Installment Agreement	\$ 376,500	\$ 496,000
Less: Unamortized Discount	<u>(148,136)</u>	<u>(195,153)</u>
Total	228,364	300,847
Construction Loan	<u>834,340</u>	<u>878,320</u>
Total	1,062,704	1,179,167
Less: Current Portion, Net of Discount Accretion	<u>(129,611)</u>	<u>(117,820)</u>
Total Long-Term Debt, Net	<u><u>\$ 933,093</u></u>	<u><u>\$ 1,061,347</u></u>

The future payments on long-term debt as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Gross</u>	<u>Discount Amortization</u>	<u>Net</u>
2023	\$ 177,809	\$ (48,198)	\$ 129,611
2024	181,783	(49,379)	132,404
2025	185,849	(50,559)	135,290
2026	58,397	-	58,397
2027	59,465	-	59,465
Thereafter	547,537	-	547,537
Total	<u><u>\$ 1,210,840</u></u>	<u><u>\$ (148,136)</u></u>	<u><u>\$ 1,062,704</u></u>

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 REFUNDABLE ADVANCE

On April 23, 2020, the Organization received a PPP loan of \$921,625 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). On May 29, 2021, the Organization received a second draw PPP loan of \$1,125,137 from the SBA. On February 26, 2021, the Organization was notified by the lender that the PPP loan of \$921,625 was forgiven, at which point the Organization recognized grant revenue in that amount. At the time of issuance of the financial statements, the Organization's management had not yet applied for forgiveness of the second draw PPP loan. As such, notice of forgiveness had not been received from the lender. Accordingly, the full amount of the second draw PPP loan is reported as refundable advance on the accompanying statements of financial position.

The forgiveness of PPP loans is subject to audit by the SBA for a period of six years. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. In November 2022, the SBA notified the Organization that they were selected for review of funding eligibility. Initial calculations by the Organization determined that the second draw PPP loan should have been awarded at the amount of \$844,315. The excess amount of \$280,822 will be repaid to the SBA and the remainder is expected to be forgiven.

NOTE 11 EMPLOYEE RETENTION CREDIT

During the year ended June 30, 2022, the Organization determined that it met the compliance requirements and conditions of the Employee Retention Credit (ERC) program. The Organization recognized ERC credits of \$688,666 for all eligible quarters. The Organization has included this amount as grant revenue on the accompanying statement of activities for the year ended June 30, 2022 and grant receivable on the accompanying statement of financial position as of June 30, 2022. There is a possibility that upon subsequent review, the Internal Revenue Service could reach a different conclusion regarding the Organization's eligibility to retain the ERC credits which it has received. That could result in a repayment of the credits, along with interest and potential penalties.

The amount of the liability, if any, from potential noncompliance with or ineligibility for ERC funds cannot be determined with certainty.

NOTE 12 NET ASSETS

Net assets without donor restrictions at June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ (2,501,218)	\$ (1,669,848)
Investment in Property and Equipment	13,190,465	13,122,318
Board-Designated Endowment	<u>19,539,287</u>	<u>22,903,317</u>
Total Net Assets Without Donor Restrictions	<u>\$ 30,228,534</u>	<u>\$ 34,355,787</u>

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 NET ASSETS (CONTINUED)

Net assets with donor restrictions for the years ended June 30, are as follows:

June 30, 2022	Time or Purpose	Perpetual	Total
Purchase of Paintings and Antiques	\$ 7,321	\$ 817,993	\$ 825,314
Summer Fellowship Program	1,987	279,423	281,410
Academic Support	-	40,000	40,000
Curatorial Support	295,257	-	295,257
Other Special Purposes	7,412,043	597,736	8,009,779
Endowment Net Appreciation -			
General Operations	4,858,393	-	4,858,393
Beneficial Interest in Trust	160,413	-	160,413
Conservation	76,535	232,348	308,883
General Operations	-	19,419,346	19,419,346
Historic Preservation	6,028	635,329	641,357
Visitor Engagement	2,899	51,100	53,999
Underwater Endowment	(92,604)	-	(92,604)
Total	<u>\$ 12,728,272</u>	<u>\$ 22,073,275</u>	<u>\$ 34,801,547</u>

June 30, 2021	Time or Purpose	Perpetual	Total
Purchase of Paintings and Antiques	\$ -	\$ 948,848	\$ 948,848
Summer Fellowship Program	-	279,423	279,423
Academic Support	54,922	40,000	94,922
Curatorial Support	244,422	-	244,422
Other Special Purposes	7,251,292	612,318	7,863,610
Endowment Net Appreciation -			
General Operations	8,943,681	-	8,943,681
Beneficial Interest in Trust	204,130	-	204,130
Conservation	128,825	232,348	361,173
General Operations	4,858	19,419,346	19,424,204
Historic Preservation	85,967	625,329	711,296
Visitor Engagement	10,159	51,110	61,269
Underwater Endowment	(34,425)	-	(34,425)
Total	<u>\$ 16,893,831</u>	<u>\$ 22,208,722</u>	<u>\$ 39,102,553</u>

**HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 NET ASSETS (CONTINUED)

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
General Operations	\$ 1,260,593	\$ 1,333,670
Other Special Purposes	278,293	210,910
Purchase of Paintings and Antiques	3,731	17,373
Conservation	15,737	22,709
Summer Fellowship Program	14,462	9,857
Historic Preservation	20,636	13,915
Curatorial Support	9,805	41,314
Visitor Engagement	1,981	1,224
Total	<u>\$ 1,605,238</u>	<u>\$ 1,650,972</u>

NOTE 13 ENDOWMENT

The Organization's endowment consists of donor-restricted funds and funds designated by the board of trustees (the board) to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the Commonwealth of Massachusetts Prudent Management of Institutional Funds Act (MAPMIFA). The board has interpreted MAPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual donor restrictions a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulation 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 perpetual donor restrictions is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MAPMIFA.

**HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with MAPMIFA, 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 various funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of the inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The Organization's investment policies.

Endowment net asset composition by type of fund as of June 30, is as follows:

<u>June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 19,539,287	\$ -	\$ 19,539,287
Donor-Restricted Endowment Funds:			
Original Gift Amounts Held in Perpetuity	-	21,912,939	21,912,939
Accumulated Gains and Income			
Available for Appropriation by the Board	-	7,511,077	7,511,077
Total	<u>\$ 19,539,287</u>	<u>\$ 29,424,016</u>	<u>\$ 48,963,303</u>
<u>June 30, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 22,903,317	\$ -	\$ 22,903,317
Donor-Restricted Endowment Funds:			
Original Gift Amounts Held in Perpetuity	-	21,998,961	21,998,961
Accumulated Gains and Income			
Available for Appropriation by the Board	-	12,264,401	12,264,401
Total	<u>\$ 22,903,317</u>	<u>\$ 34,263,362</u>	<u>\$ 57,166,679</u>

**HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 ENDOWMENT (CONTINUED)

Changes in endowment net assets consisted of the following for the years ended June 30, 2022 and 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance - June 30, 2020	\$ 17,553,403	\$ 26,565,964	\$ 44,119,367
Contributions	622,236	135,000	757,236
Investment Return	6,047,574	9,174,295	15,221,869
Appropriations	<u>(1,319,896)</u>	<u>(1,611,897)</u>	<u>(2,931,793)</u>
Balance - June 30, 2021	22,903,317	34,263,362	57,166,679
Contributions	245,070	182,921	427,991
Investment Loss, Net	(2,354,369)	(3,537,411)	(5,891,780)
Appropriations	<u>(1,254,731)</u>	<u>(1,484,856)</u>	<u>(2,739,587)</u>
Balance - June 30, 2022	<u>\$ 19,539,287</u>	<u>\$ 29,424,016</u>	<u>\$ 48,963,303</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or MAUPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted MAUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies as June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Aggregate Original Give Value	\$ 4,939,030	\$ 948,847
Aggregate Fair Value	4,846,426	914,422
Total	<u>\$ 92,604</u>	<u>\$ 34,425</u>

**HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 ENDOWMENT (CONTINUED)

Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization 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. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to enhance or preserve the long-term purchasing power while assuming a moderate level of investment risk. The Organization calculates the spending rate based on a 12-quarter rolling average through the end of the third quarter of the previous fiscal year, to correspond with its operating budget cycle. The percentage of appropriation approved by the board was 5.9% and 6.1% for 2022 and 2021, respectively. The board, at its discretion, may approve special appropriations from the board-designated endowment. There were no special appropriations for the year ended June 30, 2022 and 2021.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Total Assets - End of Year	\$ 68,326,078	\$ 76,973,699
Less: Nonfinancial Assets:		
Inventories	(219,416)	(237,709)
Prepaid Expenses	(112,334)	(52,213)
Property and Equipment, Net	(13,190,465)	(13,122,318)
Other Assets	(160,982)	(220,575)
Financial Assets - End of Year	<u>54,642,881</u>	<u>63,340,884</u>
Less: Those Unavailable for General Expenditure Over The Next 12 months:		
Beneficial Interest In Trust	(161,626)	(204,130)
Noncurrent Portion of Contributions Receivable, Net	(205,706)	(710,458)
Board-Designated Endowment	(19,539,287)	(22,903,317)
Donor-Restricted Endowment	(29,424,016)	(34,263,362)
Expected to be Available for General Expenditure Over the next 12 months:		
Appropriated Earnings from Endowment	2,503,041	2,601,819
Total	<u>\$ 7,815,287</u>	<u>\$ 7,861,436</u>

HISTORIC DEERFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, equities, and fixed income securities. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 15 RETIREMENT PLANS

The Organization has a defined contribution pension plan. Employees with two or more years of service and who are at least 21 years of age may elect to participate in the plan. For those who elect to participate, the Organization matches employee contributions of 5% of their salary. Employer contributions vest immediately. Expense under the plan for the years ended June 30, 2022 and 2021 were approximately \$68,616 and \$66,227, respectively.

The Organization also maintains a nonqualified 457(b) deferred compensation plan for eligible employees. As of June 30, 2022 and 2021, assets that fully fund the related liabilities of \$132,666 and \$192,258, respectively, are included in other assets, and the related liability is included in accrued liabilities in the accompanying statements of financial position. Deferred compensation expense for each of the years ended June 30, 2022 and 2021 was \$-0- and \$17,500, respectively.