
MISSOURI HISTORICAL SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2022



**MISSOURI
HISTORICAL
SOCIETY**

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Independent Auditors' Report

Board of Trustees
Missouri Historical Society
St. Louis, Missouri

Opinion

We have audited the financial statements of the Missouri Historical Society, a not-for-profit organization, which comprise the statement of financial position as of December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of Missouri Historical Society as of December 31, 2022 and 2021, and the results of its operations 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 Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Missouri Historical Society 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.

Emphasis Of Matter: Change In Accounting Principle

As discussed in Note 1 to the financial statements, on January 1, 2022, Missouri Historical Society adopted Accounting Standards Codification Topic 842, *Leases*. 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 Missouri Historical Society's ability to continue as a going concern for one year after the date that 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Missouri Historical Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Historical Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RubinBrown LLP

March 29, 2023

MISSOURI HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION

	December 31,	
	2022	2021
Assets		
Current Assets		
Cash	\$ 11,730,896	\$ 11,481,158
Accrued investment income	125,393	124,887
Grants and accounts receivable	3,429,013	3,315,769
Pledges receivable, net	1,629,450	514,398
Inventories	160,752	207,362
Short-term investments	1,625,036	1,944,282
Prepaid expenses	375,180	453,223
Total Current Assets	19,075,720	18,041,079
Noncurrent Assets		
Investments	85,525,619	105,491,508
Employee deferred compensation plan	576,708	655,428
Pledges receivable, net	8,195,801	9,560,613
Leasehold improvements and buildings, net	17,203,436	18,056,405
Furniture, fixtures and equipment, net	1,996,185	1,899,841
Projects in progress	308,260	442,975
Land	661,510	661,510
Right of use asset, net - operating leases	720,443	—
Right of use asset, net - finance lease	24,042	—
Other	7,416	7,416
Total Noncurrent Assets	115,219,420	136,775,696
Total Assets	\$ 134,295,140	\$ 154,816,775
Liabilities And Net Assets		
Liabilities		
Current Liabilities		
Accounts payable	\$ 813,076	\$ 481,315
Accrued salary and accrued vacation	742,869	730,051
Deferred revenue and contract liabilities	183,200	294,560
Lease liability - operating leases	99,523	—
Lease liability - finance lease	4,718	—
Total Current Liabilities	1,843,386	1,505,926
Noncurrent Liabilities		
Obligations under split-interest agreements	197,712	162,553
Employee deferred compensation plan	576,708	655,428
Lease liability - operating leases	622,827	—
Lease liability - finance lease	19,694	—
Total Noncurrent Liabilities	1,416,941	817,981
Total Liabilities	3,260,327	2,323,907
Net Assets		
Without donor restrictions	53,550,341	60,224,331
With donor restrictions	77,484,472	92,268,537
Total Net Assets	131,034,813	152,492,868
Total Liabilities And Net Assets	\$ 134,295,140	\$ 154,816,775

MISSOURI HISTORICAL SOCIETY

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support And Revenue			
Public Support			
Services provided for the Missouri History Museum Subdistrict	\$ 11,956,322	\$ —	\$ 11,956,322
Contributions:			
General	449,744	1,344,601	1,794,345
Soldiers Memorial Operations	—	345,629	345,629
Memberships	800,662	—	800,662
In-Kind Contributions	9,876	—	9,876
Total Public Support	13,216,604	1,690,230	14,906,834
Revenue (Losses)			
Investment income	1,919,562	1,982,282	3,901,844
Realized losses from sale of securities, net	(219,495)	(756,274)	(975,769)
Unrealized losses from securities	(6,407,333)	(14,452,645)	(20,859,978)
Museum shop, net (sales of \$336,330)	(3,712)	281	(3,431)
Facility rental/restaurant income/catering, net	248,183	—	248,183
Other income	285,424	321,903	607,327
Total Revenue (Losses)	(4,177,371)	(12,904,453)	(17,081,824)
Net Assets Released From Restrictions			
Satisfaction of purpose restrictions	3,569,842	(3,569,842)	—
Total Public Support And Revenue	12,609,075	(14,784,065)	(2,174,990)
Expenses			
Program Services			
Education and Visitor Experience	2,928,557	—	2,928,557
Exhibitions and Research	2,860,360	—	2,860,360
Library and Collections	4,165,774	—	4,165,774
Soldiers Memorial	1,949,323	—	1,949,323
Other Programs	3,238,963	—	3,238,963
Total Program Services	15,142,977	—	15,142,977
Supporting Services			
Management and General	2,682,164	—	2,682,164
Fundraising	1,457,924	—	1,457,924
Total Supporting Services	4,140,088	—	4,140,088
Total Expenses	19,283,065	—	19,283,065
Decrease in Net Assets	(6,673,990)	(14,784,065)	(21,458,055)
Net Assets Beginning Of Year	60,224,331	92,268,537	152,492,868
Net Assets End Of Year	\$ 53,550,341	\$ 77,484,472	\$ 131,034,813

MISSOURI HISTORICAL SOCIETY

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support And Revenue			
Public Support			
Services provided for the Missouri History Museum Subdistrict	\$ 11,573,192	\$ —	\$ 11,573,192
Contributions:			
General	291,557	4,791,620	5,083,177
Soldiers Memorial Operations	—	75,628	75,628
Memberships	857,614	—	857,614
In-Kind Contributions	12,013	265	12,278
Total Public Support	12,734,376	4,867,513	17,601,889
Revenue (Losses)			
Investment income	1,821,875	1,807,005	3,628,880
Realized gains from sale of securities, net	2,860,469	5,708,974	8,569,443
Unrealized gains from securities	239,920	1,662,198	1,902,118
Museum shop, net (sales of \$216,823)	(28,848)	—	(28,848)
Facility rental/restaurant income/catering, net	134,564	—	134,564
Payroll Protection Program Loan Forgiveness	1,991,100	—	1,991,100
Employee Retention Credit	3,166,997	—	3,166,997
Other income	152,735	306,733	459,468
Total Revenue (Losses)	10,338,812	9,484,910	19,823,722
Net Assets Released From Restrictions			
Satisfaction of purpose restrictions	2,574,294	(2,574,294)	—
Total Public Support And Revenue	25,647,482	11,778,129	37,425,611
Expenses			
Program Services			
Education and Visitor Experience	2,703,095	—	2,703,095
Exhibitions and Research	2,874,432	—	2,874,432
Library and Collections	3,897,393	—	3,897,393
Soldiers Memorial	1,482,612	—	1,482,612
Other Programs	3,018,274	—	3,018,274
Total Program Services	13,975,806	—	13,975,806
Supporting Services			
Management and General	2,549,517	—	2,549,517
Fundraising	1,265,643	—	1,265,643
Total Supporting Services	3,815,160	—	3,815,160
Total Expenses	17,790,966	—	17,790,966
Increase in Net Assets	7,856,516	11,778,129	19,634,645
Net Assets Beginning of Year	52,367,815	80,490,408	132,858,223
Net Assets End Of Year	\$ 60,224,331	\$ 92,268,537	\$ 152,492,868

MISSOURI HISTORICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2022

	Education and Visitor Experience	Exhibitions and Research	Library and Collections	Soldiers Memorial	Other Programs	Total Program	Management And General	Fundraising	Total
Salaries	\$ 1,478,866	\$ 1,055,044	\$ 1,668,888	\$ 891,794	\$ 1,771,784	\$ 6,866,376	\$ 1,535,974	\$ 476,111	\$ 8,878,461
Pension	60,850	55,993	84,377	32,989	83,042	317,251	78,619	21,884	417,754
Benefits	222,080	146,977	277,678	112,545	231,963	991,243	168,351	49,628	1,209,222
Payroll taxes	108,832	78,802	122,462	65,349	129,141	504,586	103,080	35,490	643,156
Professional fees	237,383	24,627	46,257	6,985	68,568	383,820	325,025	358,287	1,067,132
Advertising and promotion	3,705	—	—	89,366	475,681	568,752	—	1,849	570,601
Office expenses	86,104	49,452	166,950	74,293	57,622	434,421	46,912	61,300	542,633
Information technology	91,885	19,982	95,531	5,252	64,697	277,347	54,535	59,881	391,763
Occupancy	80,727	186,609	423,827	—	58,133	749,296	34,095	7,830	791,221
Travel and conferences	24,567	7,527	8,870	8,507	10,629	60,100	52,742	4,216	117,058
Depreciation	301,363	452,187	585,991	—	114,728	1,454,269	120,222	33,859	1,608,350
Insurance	57,180	71,966	196,374	91,733	47,352	464,605	41,398	15,648	521,651
Exhibitions	—	540,708	—	380,192	—	920,900	—	—	920,900
Other	175,015	170,486	488,569	190,318	125,623	1,150,011	121,211	331,941	1,603,163
	\$ 2,928,557	\$ 2,860,360	\$ 4,165,774	\$ 1,949,323	\$ 3,238,963	\$ 15,142,977	\$ 2,682,164	\$ 1,457,924	\$ 19,283,065

MISSOURI HISTORICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	Education and Visitor Experience	Exhibitions and Research	Library and Collections	Soldiers Memorial	Other Programs	Total Program	Management And General	Fundraising	Total
Salaries	\$ 1,433,688	\$ 1,111,640	\$ 1,601,092	\$ 758,949	\$ 1,560,096	\$ 6,465,465	\$ 1,514,513	\$ 621,276	\$ 8,601,254
Pension	60,955	53,045	83,288	32,042	84,724	314,054	70,022	35,583	419,659
Benefits	197,985	149,312	265,820	98,446	185,640	897,203	148,545	60,492	1,106,240
Payroll taxes	105,428	83,275	116,032	55,173	114,027	473,935	96,068	44,925	614,928
Professional fees	115,727	49,217	66,477	120,123	82,515	434,059	321,778	178,172	934,009
Advertising and promotion	988	—	—	56,369	485,260	542,617	—	32,847	575,464
Office expenses	69,576	50,355	140,034	54,126	65,075	379,166	47,454	53,784	480,404
Information technology	75,156	16,728	77,162	4,827	31,664	205,537	38,641	48,853	293,031
Occupancy	80,084	186,184	406,443	2,703	56,865	732,279	33,824	7,767	773,870
Travel and conferences	22,504	6,834	6,199	2,205	3,724	41,466	10,126	2,265	53,857
Depreciation	312,351	479,597	597,742	—	166,752	1,556,442	125,170	35,190	1,716,802
Insurance	57,840	65,938	183,672	84,931	46,600	438,981	39,439	14,615	493,035
Exhibitions	—	490,222	—	75,891	—	566,113	—	—	566,113
Other	170,813	132,085	353,432	136,827	135,332	928,489	103,937	129,874	1,162,300
	\$ 2,703,095	\$ 2,874,432	\$ 3,897,393	\$ 1,482,612	\$ 3,018,274	\$ 13,975,806	\$ 2,549,517	\$ 1,265,643	\$ 17,790,966

MISSOURI HISTORICAL SOCIETY

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (21,458,055)	\$ 19,634,645
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,641,000	1,748,358
Amortization on finance lease	3,005	—
Contributions restricted for endowment	(248,702)	(1,059,233)
Net realized losses (gains) on investments	975,769	(8,569,443)
Net unrealized losses (gains) on investments	20,859,978	(1,902,118)
Loss on disposal of fixed assets	23,573	—
Forgiveness of payroll protection plan loan	—	(1,991,100)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Receivables	175,233	(2,962,112)
Operating leases	2,400	—
Inventories, prepaid expenses and other assets	124,653	(167,264)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	344,579	2,138
Deferred revenue and contract liabilities	(111,360)	78,672
Obligations under split-interest agreements	35,159	81,228
Other liabilities	(78,720)	61,916
Net Cash Provided By Operating Activities	2,288,512	4,955,687
Cash Flows From Investing Activities		
Proceeds from sales of investments	28,982,834	66,554,589
Purchases of investments	(30,454,726)	(67,352,749)
Improvements to property and equipment purchases	(773,233)	(782,888)
Net Cash Used In Investing Activities	(2,245,125)	(1,581,048)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowment	209,479	734,000
Payments on financing leases	(3,128)	—
Net Cash Provided By Financing Activities	206,351	734,000
Net Increase In Cash	249,738	4,108,639
Cash - Beginning Of Year	11,481,158	7,372,519
Cash - End Of Year	\$ 11,730,896	\$ 11,481,158

MISSOURI HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

1. Summary Of Significant Accounting Policies

Missouri Historical Society Operations

The Missouri Historical Society (MHS) is a Missouri pro forma decree not-for profit corporation whose primary functions are educational and community programs; collections and conservation; library and research; and exhibitions. MHS's mission is to serve as the confluence of historical perspectives and contemporary issues to inspire and engage our audiences.

MHS operates the Missouri History Museum in Forest Park, the Library and Research Center on Skinker and the Soldiers Memorial Military Museum (Soldiers Memorial) in downtown St. Louis.

The City of St. Louis, Missouri, a constitutional charter city of the State of Missouri (the City), owns and operates the Soldiers Memorial Military Museum (Soldiers Memorial) at 1315 Chestnut. The City and MHS have entered into an agreement by which MHS oversaw a substantial renovation and reconstruction of the Soldiers Memorial and Court of Honor and now operates the Soldiers Memorial on behalf of the City.

In response to COVID-19, all three of the MHS locations were closed from January 8th, 2022 through February 1st, 2022. In addition, MHS adjusted the operating hours for each location. The Missouri History Museum and the Library and Research Center are open Monday through Sunday, and Soldiers Memorial is open Wednesday through Sunday.

Basis Of Presentation

MHS follows accounting standards set by the Financial Accounting Standards Board (FASB).

Financial statements of not-for-profit organizations measure net assets and net asset activity based on the absence or existence of donor-imposed restrictions. FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, requires MHS to report net assets as "Without donor restrictions" and "With donor restrictions." Brief explanations of the net asset categories are presented below:

Net assets without donor restrictions - This category includes net assets that are not subject to donor-imposed restrictions, as well as investments designated by the Board to function as endowments (quasi-endowments).

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

Net assets with donor restrictions - This category includes net assets that are subject to explicit donor-imposed restrictions. When restrictions expire due to the passage of time or the incurrence of expenditures that satisfy the donor-imposed restrictions, net assets are reclassified to net assets without donor restrictions. Certain net assets in this category are subject to donor-imposed stipulations that they be invested in perpetuity to provide a source of income to be used for general or specific purposes.

Fair Value Measurements

The fair value of financial instruments classified as current assets or current liabilities, including cash, receivables, inventories, prepaid expenses, accounts payable, accrued expenses and deferred revenue approximates carrying value due to the short-term nature of these accounts.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

MHS determines the fair value of certain assets and liabilities on a recurring basis through application of FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*.

Cash

Cash consists of demand deposits. Money market funds and highly liquid investments are included in short-term investments.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

Grants And Accounts Receivable

Grants and accounts receivable consist of amounts due to MHS related to work performed under grant agreements. Grants and accounts receivable are carried at their net realizable value. Management estimates the allowance for doubtful accounts based on its assessment of individual accounts. Accordingly, no allowance was considered necessary at December 31, 2022 or 2021.

Pledges Receivable

Unconditional pledges, less an allowance for uncollectible amounts, are recorded as receivables at fair value in the year made. Pledges made and received beyond one year are discounted to present value using a risk adjusted rate at the date of pledge of 2.25% at December 31, 2022 and 2021. For pledges made and received within one year, the net realizable value is a reasonable estimate of the fair value. If restricted by the donor for endowment or restricted by donor for particular purposes or for capital acquisition, the amount is reported as public support of the with donor restrictions net asset class.

Inventories

Inventories consist of Museum Shop items held for resale. Inventories are recorded at the lower of cost or net realizable value, determined by the retail method.

Investments

Investments are carried at fair value as determined per the fair value policy described in this section, and net realized and unrealized gains and losses are reflected in the statement of activities. The classification of investment balances as current or noncurrent is based on the intent of the use of the underlying investment. It is the policy of MHS to sell all contributed securities as soon as they are received.

Investment activities and results on the financial statements are shown net of investment advisory and asset management fees of \$443,586 and \$530,482 for the years ended December 31, 2022 and 2021, respectively. Included in these fees are advisory and asset custodian fees paid to a financial institution for which a non-voting Trustee is an officer. The amounts paid to this financial institution during the years ended December 31, 2022 and 2021 are \$93,005 and \$90,321, respectively.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

For the years ended December 31, 2022 and 2021, the unrealized and realized gains (losses) and investment income include an operating draw of \$3,569,463 and \$3,299,282, respectively, from the endowment investment account and an annual draw of \$331,875 and \$323,226, respectively, from the operating investment account.

Property And Equipment

The land and buildings that comprise the Missouri Historical Society's Missouri History Museum and Library and Research Center are leased from the Missouri History Museum Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (Subdistrict). The Soldiers Memorial Military Museum is owned by the City and operated by MHS under an agreement with the City.

Property and equipment are recorded at cost, if purchased. Expenditures greater than \$5,000 are reviewed for capitalization. Expenditures for repairs and maintenance are charged to expense as incurred, additions and improvements that significantly extend the lives of assets are capitalized. Leasehold improvements are amortized over the estimated life of the assets of seven to forty years. Furniture, fixtures and equipment are depreciated on the straight-line basis over the estimated life of the assets of three to ten years.

Museum Collections

MHS holds the premier regional history collection documenting St. Louis, Missouri, the Mississippi and Missouri Valleys, the Louisiana Purchase Territory and the American West. An integrated and multi-format collection, it serves an audience of diverse local, national and international visitors, readers and researchers. The Collections currently consist of more than 179,000 artifacts in a variety of formats that document the everyday life of the diverse inhabitants of our region. The Library contains more than 100,000 volumes. The Manuscript Collections comprise more than 7,900 linear feet of original manuscript records. The Photographs and Prints Collections contain more than 1 million images. The Sound and Moving Images collection includes more than 74,000 items. MHS staff members work to make the collections publicly accessible through exhibitions, schools and public programs, publications, online collection searches and social media platforms as well as through the public Library and Research Center. The value of the collections cannot be determined, and therefore, is not capitalized in the accompanying financial statements. The majority of the artifacts within the collection are donations. The few purchases made yearly typically are paid for through restricted funds. Any proceeds from the deaccession of collection items are only to be used for future artifact purchases or conservation of artifacts in the permanent collection according to museum best practices.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

Contract Liabilities

Contract liabilities represent cash received from memberships in which the performance obligations have not been satisfied.

Deferred Revenue

Deferred revenue at December 31, 2022 and 2021 represents cash received for restaurant and facility rentals prior to performance by MHS.

Paycheck Protection Program (PPP) Loan

On April 15, 2020, MHS received a \$1,991,100 loan that is part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, MHS used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The loan was uncollateralized and is fully guaranteed by the Federal government. MHS received loan forgiveness of 100% of the loan in April 2021. MHS initially recorded the loan as an outstanding loan in 2020 and recorded the forgiveness as revenue in the statement of activities for the year ended December 31, 2021.

Employee Retention Credit

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the employee retention credit through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter. The Infrastructure Investment and Jobs Act, which was signed into law in November 2021, changed the ending date of availability of the employee retention credit for MHS to September 30, 2021.

MHS recognizes the employee retention credit when the conditions for earning it are substantially met.

MHS qualified for the credit beginning on January 1, 2021 and received additional credits for qualified wages through September 30, 2021. During the year ended

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

December 31, 2021, revenue in the amount of \$3,166,997 related to the employee retention credit was recognized on the statement of activities. As of December 31, 2022 and 2021, the outstanding receivable balance related to the employee retention credit was \$3,166,997 and is included in grants and accounts receivable on the statement of financial position.

Split-Interest Agreements

MHS has split-interest agreements with donors in which the donor contributes assets in exchange for a promise to pay fixed amounts periodically to the respective donor or designated beneficiary during their lifetimes. At the inception of the split-interest agreement, an obligation is recorded at present value, which is a Level 2 fair value approach, using a discount rate ranging from 0.6% to 7.6%, for estimated future payments. The obligations under the split-interest agreements are adjusted over the term of the agreement for changes in the fair value of assets, accretion of the discount and other changes in estimates of future benefits. Obligations under split-interest agreements were \$197,712 and \$162,553 at December 31, 2022 and 2021, respectively. The assets are included in MHS's long-term investment portfolio.

Revenue and Revenue Recognition

MHS accounts for revenue recognition in accordance with ASC 606, *Revenue from Contracts with Customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which MHS expects to be entitled in exchange for those goods or services. This core principle is achieved through the application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations of the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract, and (5) recognize revenue as performance obligations are satisfied. Additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue streams that fall under this guidance are as follows:

Membership dues – Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between total dues paid and the exchange element. MHS recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. Performance obligations include member benefits such as subscriptions to certain publications, tickets to various events, invitations to member-only events, and small gifts. The transaction is allocated based upon various factors such as the fair market value or cost of the obligation.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

Museum shop – MHS generates revenue from merchandise sales. Merchandise sales are presented net of discounts and cost of goods sold and recognized at the point in time when the sale occurs, and the visitor takes possession of the item purchased.

Facility rental/restaurant income/catering – Facility rental revenues consist of room rentals for special events on a specified date. Facility rental/restaurant income/catering revenues are presented net of discounts and cost of goods sold and recognized when events occur.

Other income includes publication sales, ticket sales, and other items which are recognized at the time of sale or the time of admission of the event.

Overall economic conditions can impact the nature, timing, and uncertainty of MHS's revenues and cash flows.

MHS has additional revenue streams that are not within the scope of ASC 606:

Services provided for the Missouri History Museum Subdistrict are considered contributions. The contract with Missouri History Museum Subidstrict provides for history museum facilities and services to be provided to the public by MHS in exchange for compensation from the Subdistrict. The public support under this contract is determined each year based upon an annual budget. In accordance with the contract, MHS records revenue in the period in which reimbursement vouchers are approved.

Contributions, including unconditional pledges receivable, as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions received with donor-imposed stipulations that are satisfied in the same year as the contributions are used are initially reported in net assets with donor restrictions and released to net assets without donor restrictions as the restrictions are met.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

MHS reports gifts of land and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, MHS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

A portion of MHS's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when MHS has incurred expenditures in compliance with specific contract or grant provisions.

Leases

On January 1, 2022, MHS utilized the modified retrospective approach to adopt the provisions of ASC Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. MHS has elected certain practical expedients, including the use of hindsight in determining the use of transition and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2022 are presented under ASC 842, while the prior period financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

The lease terms utilized in determining right of use assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered include, but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the leased asset and the terms associated with extending the lease. MHS has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

MHS maintains leases of a storage facility and office equipment. Leased right of use assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. MHS's leases generally have terms of one to ten years. MHS does not record right of use assets or lease liabilities for leases with an initial expected lease term of 12 months

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (Continued)

or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

As most leases do not provide an implicit discount rate, MHS estimated an incremental borrowing rate base on the information available at the lease commencement date to determine the present value of the lease payments. The estimated incremental borrowing rate represents the estimated rate of interest that would have been charged to borrow an amount equal to the lease payments on a collateralized basis for a similar period of time.

Some of MHS's operating leases typically contain fixed rent escalations over the lease term, and MHS recognizes expense for these leases on a straight-line basis over the lease term. MHS recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the right of use asset.

For contracts with lease and non-lease components, the total transaction price is allocated based on the observable or estimable standalone prices of the lease and non-lease components for all classes of leases.

Volunteer Service And In-Kind Contributions

MHS received the following contributions of nonfinancial assets for the year ended December 31:

	<u>2022</u>		<u>2021</u>
Legal services	\$ 9,876	\$	12,278
<hr/>			
Total contributed nonfinancial assets	\$ 9,876	\$	12,278

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would not to be purchased if they were not donated. MHS receives legal services at a discounted rate. The amount of in-kind revenue represents the difference between the market rate and the rate charged.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

MHS recognizes the value of volunteer services in accordance with FASB ASC 958-605-25-16. The value of these contributions is not recognized in the financial statements. A substantial number of volunteers make significant contributions to MHS enhancing its activities and programs. MHS wishes to acknowledge these services and values at \$242,193 and \$218,219 for the years ended December 31, 2022 and 2021, respectively. In years 2022 and 2021, these services included approximately 105 and 84 volunteers, respectively, who contributed 8,087 and 7,646, respectively, hours of services to MHS.

Functional Allocation Of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, security and housekeeping, which are allocated to other departments based on square-footage, as well as information technology expenses, which are allocated on the number of computers per department.

Income Taxes

MHS qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and therefore, there is no provision for income taxes.

MHS follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There has been no interest or penalties recognized in the statement of activities nor in the statement of financial position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. MHS evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

Use Of Estimates

The presentation of financial statements in conformity with generally accepting accounting principles (GAAP) requires MHS to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements *(Continued)*

Subsequent Events

Management has evaluated subsequent events through the Independent Auditors' Report date, which is when the financial statements were available for issue.

Reclassifications

Certain prior year amounts have been reclassified, where appropriate, to conform to current year presentation.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (Continued)

2. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Time And Purpose:		
Campaign	\$ 9,994,768	\$ 9,743,870
Education and Visitor Experience	332,620	256,236
Collection and Conservation	1,204,247	1,074,759
Publication of Books	156,131	163,885
Exhibit Production, Maintenance and Research	406,646	325,988
Innovation Fund	9,899	6,801
Operations	6,328	6,288
Digital Initiatives	22,999	31,537
Development	5,000	5,000
Soldiers Memorial Operations	1,033,284	1,427,131
Soldiers Memorial Special Projects	991,947	1,239,996
Realized and Unrealized Endowment Earnings	13,879,396	28,794,541
	<u>28,043,265</u>	<u>43,076,032</u>
Endowment:		
Acquisition of Items for Library and Collections	227,735	227,735
Exhibits, Research and Conservation	14,500,879	14,268,982
Digitization	112,200	96,723
Program Growth	13,000	12,672
Library and Conservation	2,001,068	2,001,068
Endowed Bascom and Shoenberg Curatorial Positions	517,901	517,901
Publication of Books and Magazines	137,285	137,285
Internship Program	251,715	250,715
Innovation Fund	125,000	125,000
Soldiers Memorial Operations	25,000,000	25,000,000
General MHS Operations	6,554,424	6,554,424
	<u>49,441,207</u>	<u>49,192,505</u>
	<u>\$ 77,484,472</u>	<u>\$ 92,268,537</u>

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

Net assets were released from net assets with donor restrictions as follows:

	<u>2022</u>	<u>2021</u>
Capital Campaign	\$ 334,637	\$ 311,976
Education and Visitor Experience	95,705	147,911
Collections and Conservation	550,524	470,066
Publication of Books	50,236	34,894
Exhibit Production, Maintenance and Research	489,437	498,966
Innovation Fund	2,417	—
Digital Initiatives	96,050	75,143
Soldiers Memorial Operations	1,409,027	815,085
Soldiers Memorial Special Projects	541,809	220,253
	<u>\$ 3,569,842</u>	<u>\$ 2,574,294</u>

3. Pledges Receivable

Unconditional promises to give are included in the financial statement as assets and support of the appropriate net asset category. They are recorded after discounting at the rate of 2.25% to the present value of the future cash flows.

Unconditional promises to give at December 31, 2022 and 2021 are expected to be collected in the following periods:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 1,803,186	\$ 587,678
Between one year and five years	5,378,761	5,742,331
More than five years	3,750,000	5,003,000
	<u>10,931,947</u>	<u>11,333,009</u>
Less: Discount	(968,498)	(1,195,167)
Less: Allowance for uncollectible promises to give	<u>(138,198)</u>	<u>(62,831)</u>
	<u>\$ 9,825,251</u>	<u>\$ 10,075,011</u>

4. Endowment

The endowment consists of 35 individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted UPMIFA (Uniform Prudent Management of Institutional Funds Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, MHS classifies as endowment with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the endowment fund with restriction that is not classified in endowment principal is classified as endowment earnings until those amounts are appropriated for expenditure by MHS in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, MHS considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

1. The duration and preservation of the fund
2. The purposes of MHS and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of MHS
7. The investment policies of MHS

MHS has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MHS must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that provide a rate of return over a rolling 60 month period greater than or equal to a "Policy Index" created by combining various indices in the proportion as the endowment funds target allocation. Actual returns in any given year may vary from this amount.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (Continued)

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

MHS has a policy of appropriating for distribution each year between 3 and 5 percent of its endowment fund's average fair value over the 13 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. Accordingly, over the long-term, MHS expects the fund to achieve a real annualized rate of return that is 5% over the trailing 12-month Consumer Price Index. This is consistent with MHS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. An appropriation of \$3,569,463 and \$3,299,282 was disbursed in 2022 and 2021, respectively.

The changes in endowment assets for the years ended December 31, 2022 and 2021 are as follows:

	Without Donor Restrictions		With Donor Restrictions		
	Unrestricted	Board Designated	Earnings	Principal	Total
Endowment assets,					
January 1, 2021	\$ —	\$ 24,092,134	\$ 21,516,983	\$ 43,993,097	\$ 89,602,214
Contributions and other	—	—	—	734,000	734,000
Amounts appropriated for					
expenditures	3,299,282	(882,554)	(2,416,728)	—	—
Net appreciation	—	3,615,478	9,694,286	—	13,309,764
Amounts disbursed	(3,299,282)	—	—	—	(3,299,282)
Endowment assets,					
December 31, 2021	—	26,825,058	28,794,541	44,727,097	100,346,696
Contributions and other	—	—	—	209,479	209,479
Amounts appropriated for					
expenditures	3,569,463	(937,790)	(2,631,673)	—	—
Net depreciation	—	(4,514,623)	(12,283,472)	—	(16,798,095)
Amounts disbursed	(3,569,463)	—	—	—	(3,569,463)
Endowment assets,					
December 31, 2022	\$ —	\$ 21,372,645	\$ 13,879,396	\$ 44,936,576	\$ 80,188,617

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires MHS to retain as a fund of perpetual duration. There were four individual funds with such deficiencies as of December 31, 2022. The total fair value of the four funds as of December 31, 2022 was \$190,615. The original endowment gifts related to these funds were \$207,179. The total deficiencies of the funds as of December 31, 2022 were \$16,564.

5. Liquidity And Available Resources

MHS's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 11,730,896	\$ 11,481,158
Accrued investment income	125,393	124,887
Grants and accounts receivable	262,016	148,772
Pledges receivable, net	1,629,450	514,398
<u>Short term-investments</u>	<u>1,625,036</u>	<u>1,944,282</u>
Total financial assets available within one year	15,372,791	14,213,497
Less:		
Amounts unavailable for general expenditures within one year, due to:		
<u>Restricted by donors with purpose restrictions</u>	<u>(1,629,450)</u>	<u>(514,398)</u>
Financial assets available to meet general <u>expenditures within one year</u>	<u>\$ 13,743,341</u>	<u>\$ 13,699,099</u>

MHS's endowment funds consist of donor-restricted endowments and a board designated endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 4, the endowment has a spending rate between 3 and 5 percent. As part of MHS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, MHS has Board designated net assets without donor restrictions of \$21,372,645 and \$26,825,058 as of December 31, 2022 and 2021, respectively. Although MHS does not intend to spend from its Board designated net assets other than amounts appropriated for general expenditure as part of its annual budgeting process, the amounts could be made available for current operations, if necessary.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (Continued)

6. Fair Value Measurements

Fair values of assets and liabilities measured on a recurring basis at December 31, 2022 and 2021 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
December 31, 2022				
Money Market Funds	\$ 1,611,765	\$ 1,611,765	\$ —	\$ —
U.S. Government Obligations	4,152,049	4,152,049	—	—
Corporate Bonds and Debentures	16,284,792	—	16,284,792	—
Corporate Stock	5,387,981	5,387,981	—	—
Mutual Funds - Equities:				
Large Cap Funds	32,829,307	32,829,307	—	—
International Funds	8,878,110	8,878,110	—	—
Mid Cap Funds	5,520,952	5,520,952	—	—
Small Cap Funds	6,171,830	6,171,830	—	—
Other	455,222	455,222	—	—
Total Mutual Funds - Equities	53,855,421	53,855,421	—	—
Mutual Funds - Fixed Income	1,599,170	1,599,170	—	—
Mutual Funds - Real Estate	4,836,185	4,836,185	—	—
Total Investments	\$ 87,727,363	\$ 71,442,571	\$ 16,284,792	\$ —
December 31, 2021				
Money Market Funds	\$ 1,784,640	\$ 1,784,640	\$ —	\$ —
U.S. Government Obligations	5,910,145	5,910,145	—	—
Corporate Bonds and Debentures	19,341,929	—	19,341,929	—
Corporate Stock	5,902,692	5,902,692	—	—
Mutual Funds - Equities:				
Large Cap Funds	41,452,724	41,452,724	—	—
International Funds	10,763,909	10,763,909	—	—
Mid Cap Funds	7,325,571	7,325,571	—	—
Small Cap Funds	7,306,344	7,306,344	—	—
Other	543,139	543,139	—	—
Total Mutual Funds - Equities	67,391,687	67,391,687	—	—
Mutual Funds - Fixed Income	1,807,839	1,807,839	—	—
Mutual Funds - Real Estate	5,908,220	5,908,220	—	—
Mutual Funds - Hedge Funds	44,066	44,066	—	—
Total Investments	\$ 108,091,218	\$ 88,749,289	\$ 19,341,929	\$ —

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements *(Continued)*

Fair value for investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair value for investments valued using Level 2 inputs are based primarily on available quoted prices for similar assets in active or inactive markets.

7. Property And Equipment

A summary of property and equipment at December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements and buildings	\$ 43,167,259	\$ 42,910,697
Furniture, fixtures and equipment	7,979,830	7,352,018
	<u>51,147,089</u>	<u>50,262,715</u>
Less: Accumulated depreciation and amortization	(31,947,468)	(30,306,469)
Projects in progress	308,260	442,975
Land	661,510	661,510
	<u>\$ 20,169,391</u>	<u>\$ 21,060,731</u>

Depreciation expense was \$1,641,000 and \$1,748,358 for the years ended December 31, 2022 and 2021, respectively.

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

8. Lease Commitments

MHS has leases for a storage facility and office equipment that expire at various dates through 2032. Certain lease agreements include rental payments that adjust periodically for inflationary indexes.

MHS had operating lease costs of \$79,623 for the year ended December 31, 2022. This includes short-term lease costs, which are immaterial.

The components of lease expense for the year-ended December 31 are as follows:

		<u>2022</u>
Finance Lease Costs	Classification	
Amortization of ROU assets	<i>Other Expenses</i>	\$ 3,005
Interest	<i>Other Expenses</i>	816
		<u>\$ 3,821</u>
Operating Lease Costs		
Operating lease costs	<i>Occupancy Expense</i>	\$ 40,799
Short-term lease costs	<i>Occupancy Expense</i>	38,824
		<u>\$ 79,623</u>

The right of use assets (ROU) and lease liabilities are included in the statement of financial position at December 31 is as follows:

		<u>2022</u>
Assets	Classification	
ROU assets - operating leases	<i>Noncurrent Assets</i>	\$ 720,443
ROU assets - finance leases	<i>Noncurrent Assets</i>	4,042
		<u>\$ 724,485</u>
Liabilities		
Current liabilities:		
Operating lease liabilities	<i>Current Liabilities</i>	\$ 99,523
Finance lease liabilities	<i>Current Liabilities</i>	4,718
Non-current liabilities:		
Operating lease liabilities	<i>Noncurrent Liabilities</i>	622,827
Finance lease liabilities	<i>Noncurrent Liabilities</i>	19,694
		<u>\$ 746,762</u>

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (Continued)

Supplemental cash flow and other information related to leases for the year ended December 31 are as follows:

	<u>2022</u>
Cash flow information:	
ROU assets obtained in exchange for new operating lease obligations	\$ 748,331
ROU assets obtained in exchange for new finance lease obligations	27,047
Cash paid for operating leases included in operating activities	38,892
Cash paid for finance leases included in operating activities	816
Cash paid for finance leases included in financing activities	3,451
Other information:	
Weighted-average remaining term - operating leases	9.2 years
Weighted-average remaining term - finance leases	4.6 years
Weighted-average discount rate - operating leases	5.5%
Weighted-average discount rate - finance leases	5.5%

The reconciliation of the undiscounted cash flows for each of the next five years and total remaining years of the lease liabilities recorded on the statement of financial position is as follows:

	Operating Leases	Finance Leases
2023	\$ 99,523	\$ 5,916
2024	101,137	5,916
2025	102,783	5,916
2026	96,622	5,916
2027	87,359	3,944
Thereafter	439,242	-
Total minimum lease payments	926,666	27,608
Less: Amount of lease payments representing interest	-	(3,196)
Less: Amount of lease payments representing accretion	(204,316)	-
Present value of future minimum lease payments	722,350	24,412
Less: Current portion	(99,523)	(4,718)
Long-term lease liabilities	\$ 622,827	\$ 19,694

MISSOURI HISTORICAL SOCIETY

Notes To Financial Statements (*Continued*)

At December 31, 2021, MHS was committed for certain equipment under noncancellable operating leases and certain warehouse and temporary storage location leases which expire at various dates through 2026. Additionally, MHS leases the land and buildings that comprise facilities of MHS from the Subdistrict. The lease agreement for these facilities is coterminous with the term of the Agreement MHS has with the Subdistrict to provide history museum services. This agreement renews on December 31 each year as more fully discussed in Note 12.

The estimated annual lease payments due under the terms of the lease agreements at December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 101,573
2023	20,416
2024	18,836
2025	18,836
2026	9,428
	<u>\$ 169,089</u>

Rental expense was \$163,556 for the year ended December 31, 2021.

9. Employee Benefit Plans

MHS has a defined contribution plan for all employees with at least two years of service. The plan provides for MHS to contribute 5% of the participants' salaries with no employee contributions permitted. MHS also has a 403(b) salary reduction plan, which provides for MHS to match employee contributions at the maximum of \$500 or 1% of annual participants' salaries. Expenses for the two plans were \$422,181 and \$425,382 for the years ended December 31, 2022 and 2021, respectively.

10. Employee Deferred Compensation Plan

MHS maintains a voluntary 457(b) Plan for employees who wish to defer a portion of their salary to future years. The investment is presented in the statement of financial position as a noncurrent asset and liability. The value of this plan asset was \$576,708 and \$655,428 at December 31, 2022 and 2021, respectively.

11. Concentrations Of Credit Risk

Financial instruments that potentially subject MHS to concentrations of credit risk consist of cash deposits in banks and other financial institutions, investment securities and pledge receivables. MHS maintains cash and short- and long-term investments with major banks and financial institutions. Accounts at banks insured by the Federal Deposit Insurance Corporation (FDIC) are insured to a level of \$250,000. At times, MHS may have cash balances with banks and securities with financial institutions in excess of the FDIC coverage, and at December 31, 2022, \$11,503,186 is uninsured for a short duration. Concentrations of credit risk with respect to pledges receivable are limited due to the large number and credit worthiness of donors comprising MHS's donor base.

12. Contract With The Missouri History Museum Subdistrict

The Subdistrict was established to receive tax revenues from the tax collector's offices and to pay for history museum services provided to benefit the public. The Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (ZMD) tax-generated revenue is subject to annual review and approval. Amounts available to the Subdistrict are based on a rate which may not exceed 4.0 cents on each \$100 of assessed valuation. The certified rate was \$.0362 and \$.0351 at December 31, 2022 and 2021, respectively. In 1988, the Subdistrict and MHS entered into a contract, which, after renegotiation in the fall of 2012, had been subsequently amended on November 13, 2013, December 15, 2015, December 20, 2018, December 9, 2020 and December 14, 2022. The Sixth Amended and Restated Operating Agreement renews for one year each December 31, unless the Subdistrict, upon recommendation of its committee on renewal, votes not to renew the contract. Upon giving written notice of its intent not to renew the contract, MHS and the Subdistrict are required to meet for a period of six months to resolve their differences. If those differences are not resolved the contract terminates at the end of the calendar year in which such final determination is made. The contract provides for history museum facilities and services to be provided to the public by MHS in exchange for compensation from the Subdistrict. The public support under this contract is determined each year based upon an annual budget. The Agreement also requires prior Subdistrict approval for any unbudgeted capital expenditure in excess of \$50,000 and any unbudgeted operating expenditure made by MHS in excess of \$20,000. MHS shall comply with the provisions of the Open Meeting Law, sections 610.010 et. al., as from time to time amended. In accordance with the contract, MHS records revenue in the period in which reimbursement vouchers are approved. MHS is included as a discretely presented component unit within the Subdistrict's financial statements.

13. Risks And Uncertainties

MHS's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to potential changes in economic conditions, it is at least reasonably possible that changes in the value of MHS's investments could occur in the near term and those changes could materially affect the amounts reported in MHS's financial statements.

MHS is involved in various claims, legal actions and regulatory proceedings arising in the ordinary course of business. In the opinion of MHS's management, the resolution of these matters will not have a material adverse effect on MHS's financial statements.

Dr. Jody Sowell
Missouri Historical Society
St. Louis, Missouri 63110

Dear Dr. Sowell:

Enclosed are your copies of the financial statements for Missouri Historical Society as of December 31, 2022.

We appreciate the opportunity to be of continued service to you. If we may furnish you with any additional information, please feel free to contact us.

Very truly yours,

RubinBrown LLP

Mary Kay Lofgren
Partner
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MKL:eam

Enclosures