

**RAMSEY COUNTY**  
**HISTORICAL SOCIETY, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ramsey County Historical Society, Inc.  
St. Paul, Minnesota

We have audited the accompanying financial statements of Ramsey County Historical Society, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, functional expenses, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ramsey County Historical Society, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hamington Langer & Associates*

October 20, 2021

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 280,019	\$ 200,106
Accounts receivable	8,455	12,733
Inventory	16,479	16,450
Prepaid expenses	<u>9,585</u>	<u>9,143</u>
<b>TOTAL CURRENT ASSETS</b>	<u>314,538</u>	<u>238,432</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>1,974,866</u>	<u>2,010,781</u>
<b>OTHER ASSETS</b>		
Investments	2,990,626	2,533,791
Funds held by others	<u>75,526</u>	<u>60,548</u>
<b>TOTAL OTHER ASSETS</b>	<u>3,066,152</u>	<u>2,594,339</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,355,556</u></u>	<u><u>\$ 4,843,552</u></u>

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 36,330	\$ 38,443
Accrued expenses	39,899	39,700
Deferred revenue	4,250	7,900
Note payable	<u>134,312</u>	<u>144,300</u>
 <b>TOTAL LIABILITIES</b>	 <u>214,791</u>	 <u>230,343</u>
 <b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	1,733,879	1,681,281
Board designated	520,879	451,391
With donor restrictions	<u>2,886,007</u>	<u>2,480,537</u>
 <b>TOTAL NET ASSETS</b>	 <u>5,140,765</u>	 <u>4,613,209</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 5,355,556</u></u>	 <u><u>\$ 4,843,552</u></u>

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 403,202	\$ 107,179	\$ 510,381	\$ 677,342
Appropriation from Ramsey County	86,992	-	86,992	85,504
Government contributions	300,761	-	300,761	40,336
In-kind contributions	47,458	-	47,458	141,687
Gibbs Farm admissions	18,158	-	18,158	54,708
Program revenue	27,665	-	27,665	39,386
Membership dues	50,007	-	50,007	52,012
Books and merchandise sales, net	5,206	-	5,206	1,843
Contract revenue	15,100	-	15,100	15,100
Parking revenue	1,700	-	1,700	12,845
Investment income, net	98,251	529,419	627,670	(14,924)
Miscellaneous	2,668	-	2,668	9,440
Net assets released from restrictions	231,128	(231,128)	-	-
	<u>1,288,296</u>	<u>405,470</u>	<u>1,693,766</u>	<u>1,115,279</u>
<b>TOTAL SUPPORT AND REVENUE</b>				
<b>EXPENSES</b>				
Program Services:				
Membership and programming	316,711	-	316,711	336,167
Gibbs Farm operations	346,487	-	346,487	540,958
Magazine and publications	103,975	-	103,975	125,431
Total Program Services	<u>767,173</u>	<u>-</u>	<u>767,173</u>	<u>1,002,556</u>
Support Services:				
Management and general	92,000	-	92,000	77,676
Fundraising	307,037	-	307,037	131,134
Total Support Services	<u>399,037</u>	<u>-</u>	<u>399,037</u>	<u>208,810</u>
	<u>1,166,210</u>	<u>-</u>	<u>1,166,210</u>	<u>1,211,366</u>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	122,086	405,470	527,556	(96,087)
NET ASSETS, BEGINNING OF YEAR	<u>2,132,672</u>	<u>2,480,537</u>	<u>4,613,209</u>	<u>4,709,296</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,254,758</u>	<u>\$ 2,886,007</u>	<u>\$ 5,140,765</u>	<u>\$ 4,613,209</u>

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	583,110	\$ 94,232	\$ 677,342
Appropriation from Ramsey County	85,504	-	85,504
Government contributions	40,336	-	40,336
In-kind contributions	141,687	-	141,687
Gibbs Farm admissions	54,708	-	54,708
Gibbs Farm programs	39,386	-	39,386
Membership dues	52,012	-	52,012
Books and merchandise sales, net	1,843	-	1,843
Contract revenue	15,100	-	15,100
Parking revenue	12,845	-	12,845
Investment income, net	787	(15,711)	(14,924)
Miscellaneous	9,440	-	9,440
Net assets released from restrictions	448,066	(448,066)	-
	<b>1,484,824</b>	<b>(369,545)</b>	<b>1,115,279</b>
<b>TOTAL SUPPORT AND REVENUE</b>			
<b>EXPENSES</b>			
Program Services:			
Membership and programming	336,167	-	336,167
Gibbs Farm operations	540,958	-	540,958
Magazine and publications	125,431	-	125,431
Total Program Services	1,002,556	-	1,002,556
Support Services:			
Management and general	77,676	-	77,676
Fundraising	131,134	-	131,134
Total Support Services	208,810	-	208,810
	<b>1,211,366</b>	<b>-</b>	<b>1,211,366</b>
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS</b>	273,458	(369,545)	(96,087)
NET ASSETS, BEGINNING OF YEAR	1,859,214	2,850,082	4,709,296
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,132,672</b>	<b>\$ 2,480,537</b>	<b>\$ 4,613,209</b>

See notes to financial statements

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 527,556	\$ (96,087)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized (gains) losses on investments	(595,857)	71,308
Interest and dividends reinvested, net of fees	(28,551)	(55,857)
Loan forgiveness	(144,300)	-
Depreciation	43,700	27,666
Decrease (increase) in:		
Accounts receivable	4,278	696
Inventory	(29)	2,651
Prepaid expenses	(442)	(4,619)
Increase (decrease) in:		
Accounts payable	(2,113)	9,818
Accrued expenses	199	4,725
Deferred revenue	(3,650)	(1,600)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(199,209)</b>	<b>(41,299)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from investments	152,596	152,599
Purchases of investments	-	(30,000)
Purchase of property and equipment	(7,786)	(458,416)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>144,810</b>	<b>(335,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	134,312	144,300
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	79,913	(232,816)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	200,106	432,922
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 280,019</b>	<b>\$ 200,106</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest paid	\$ 30	\$ 23



**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2021

	Program Expenses				Support Services			Total
	Membership & Programming	Gibbs Farm Operations	Magazine & Publications	Total Program	Management and General	Fund-raising	Total Support	
Salaries	\$ 127,044	\$ 177,308	\$ 51,324	\$ 355,676	\$ 45,151	\$ 86,987	\$ 132,138	\$ 487,814
Payroll taxes	10,169	14,506	4,297	28,972	4,068	7,095	11,163	40,135
Employee benefits	28,000	27,907	1,545	57,452	8,591	14,465	23,056	80,508
<b>Total Personnel Expenses</b>	<b>165,213</b>	<b>219,721</b>	<b>57,166</b>	<b>442,100</b>	<b>57,810</b>	<b>108,547</b>	<b>166,357</b>	<b>608,457</b>
Cost of goods sold	-	392	3,419	3,811	-	-	-	3,811
Occupancy	47,885	51,420	-	99,305	10,638	8,160	18,798	118,103
Professional services	41,653	10,576	15,482	67,711	12,655	187,241	199,896	267,607
Insurance	3,466	13,864	-	17,330	1,279	-	1,279	18,609
Postage	4,176	104	2,798	7,078	267	74	341	7,419
Supplies	878	1,052	754	2,684	493	985	1,478	4,162
Travel	-	580	432	1,012	-	-	-	1,012
Memberships and subscriptions	164	841	75	1,080	1,512	365	1,877	2,957
Meetings	361	168	-	529	881	-	881	1,410
Hospitality costs	148	413	526	1,087	2,909	200	3,109	4,196
Program events and activities	50,736	5,406	26,291	82,433	-	890	890	83,323
Miscellaneous	-	-	48	48	-	-	-	48
Interest expense	-	-	-	-	30	-	30	30
Bank and credit card fees	734	1,045	182	1,961	2,862	354	3,216	5,177
Depreciation	1,297	41,297	221	42,815	664	221	885	43,700
<b>Total Expenses by Function</b>	<b>316,711</b>	<b>346,879</b>	<b>107,394</b>	<b>770,984</b>	<b>92,000</b>	<b>307,037</b>	<b>399,037</b>	<b>1,170,021</b>
Less Expenses included with Revenues on the Statement of Activities	-	(392)	(3,419)	(3,811)	-	-	-	(3,811)
<b>Total Expenses</b>	<b>\$ 316,711</b>	<b>\$ 346,487</b>	<b>\$ 103,975</b>	<b>\$ 767,173</b>	<b>\$ 92,000</b>	<b>\$ 307,037</b>	<b>\$ 399,037</b>	<b>\$ 1,166,210</b>

See notes to financial statements

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2020

	Program Expenses				Support Services			Total
	Membership & Programming	Gibbs Farm Operations	Magazine & Publications	Total Program	Management and General	Fund-raising	Total Support	
Salaries	\$ 140,291	\$ 251,897	\$ 27,394	\$ 419,582	\$ 46,106	\$ 82,366	\$ 128,472	\$ 548,054
Payroll taxes	11,762	22,344	2,316	36,422	519	7,147	7,666	44,088
Employee benefits	27,999	29,025	901	57,925	4,946	9,473	14,419	72,344
<b>Total Personnel Expenses</b>	<b>180,052</b>	<b>303,266</b>	<b>30,611</b>	<b>513,929</b>	<b>51,571</b>	<b>98,986</b>	<b>150,557</b>	<b>664,486</b>
Cost of goods sold	-	3,718	15,096	18,814	-	-	-	18,814
Occupancy	49,255	56,794	59	106,108	10,573	8,774	19,347	125,455
Professional services	91,100	115,017	64,990	271,107	7,031	8,180	15,211	286,318
Insurance	3,102	12,408	-	15,510	1,574	-	1,574	17,084
Postage	872	735	1,843	3,450	176	1,157	1,333	4,783
Supplies	1,627	2,199	244	4,070	181	1,086	1,267	5,337
Travel	471	2,284	1,066	3,821	500	12	512	4,333
Memberships and subscriptions	455	603	78	1,136	2,988	-	2,988	4,124
Meetings	10	58	119	187	(242)	368	126	313
Hospitality costs	-	547	20	567	1,996	322	2,318	2,885
Program events and activities	6,845	18,785	25,794	51,424	-	10,589	10,589	62,013
Miscellaneous	130	1,891	-	2,021	-	-	-	2,021
Interest expense	-	-	-	-	23	-	23	23
Bank and credit card fees	663	1,818	301	2,782	389	1,354	1,743	4,525
Depreciation	1,585	24,553	306	26,444	916	306	1,222	27,666
<b>Total Expenses by Function</b>	<b>336,167</b>	<b>544,676</b>	<b>140,527</b>	<b>1,021,370</b>	<b>77,676</b>	<b>131,134</b>	<b>208,810</b>	<b>1,230,180</b>
Less Expenses included with Revenues on the Statement of Activities	-	(3,718)	(15,096)	(18,814)	-	-	-	(18,814)
<b>Total Expenses</b>	<b>\$ 336,167</b>	<b>\$ 540,958</b>	<b>\$ 125,431</b>	<b>\$ 1,002,556</b>	<b>\$ 77,676</b>	<b>\$ 131,134</b>	<b>\$ 208,810</b>	<b>\$ 1,211,366</b>

See notes to financial statements

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

The Ramsey County Historical Society, Inc. (the Society or RCHS) is organized as a nonprofit corporation under the laws of the State of Minnesota. Mission: *Preserve our Past, Inform our Present, Inspire our Future.*

Ramsey County supports the mission of the Society in a number of different ways:

- Annual appropriation of cash;
- Donated space in the Landmark Center;
- A history of capital improvement appropriations for Gibbs Farm through the County Capital Improvement Program system;
- Participation of Ramsey County Historical Society employees in the County medical and benefits system; and
- Guidance and advice in capital improvements to Gibbs Farm.

The Society performs its mission at a variety of sites:

- Landmark Center in downtown Saint Paul: Mary Livingston Griggs & Mary Griggs Burke Research Center, exhibits, and educational programs. The Society also maintains archival and artifact preservation spaces, administrative offices, and offices for collections staff. The administrative office is considered the program location for the publication *Ramsey County History*, a quarterly magazine that documents the history of Ramsey County.
- Gibbs Farm: Pathways to Dakota and Pioneer life. A National Register of Historic Places site that preserves and presents the life of one of the region's earliest settlers and her friendship and association with the Dakota people of Cloud Man's Village. Programs presented at the site include: school field trips, tours, summer camps, adult programs, and a wide variety of family friendly special events. The primary time span interpreted is 1835-1900. The site includes the original farmhouse and white barn, an archaeological site, tipi, trails, restored prairie, and replicas of a dugout sod house and a Dakota bark lodge. The site is open eight months each year.
- Schools: RCHS provides outreach services to a large number of schools annually.
- Libraries: RCHS provides cultural programming and exhibits at libraries across the county.
- Saint Paul Union Depot and Ramsey County Courthouse: RCHS provides public tours of both facilities and plays a significant role in exhibit installation at both facilities.
- Other: RCHS plays a role in many community festivals and delivers programs at a variety of other locations across the country and occasionally beyond.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Basis of Presentation**

The accompanying financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require RCHS to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of RCHS management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RCHS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Cash and Cash Equivalents:**

For the purpose of the statements of cash flows, the Society considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Society maintains cash balances at a financial institution that is insured by the FDIC up to \$250,000. As of June 30, 2021 and 2020, the Society had no uninsured cash balances.

**Accounts Receivable:**

The Society provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At June 30, 2021 and 2020, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**Inventory:**

Inventory consists of books and gift shop merchandise and is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method (FIFO). Management identifies books which have continued sales and movement and records these books at cost. For all other books that still have value, management considers its sales and then reduces the value if appropriate.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Concentrations of Credit Risk:**

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of accounts receivable. Management believes concentrations of credit risk with respect to promises to give and accounts receivable are limited due to the nature and dollar amounts. During the year ended June 30, 2020, one donor comprised 11% of total support and revenue.

**Collections:**

The Society's collections, which were acquired through contributions since the Society's inception, are not recognized as assets on the statements of financial position. Proceeds from deaccessions or insurance recoveries are reflected in the appropriate net asset class.

The Society's collections are made up of artifacts of historical significance, historical structures, and archival materials that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their conditions are performed periodically. The collections are subject to a policy that requires proceeds from their sales to be used to support the Society's collections management and acquisition activities. No purchases or sales occurred during fiscal years 2021 and 2020.

**Property and Equipment:**

Property and equipment are recorded at cost. Donated property and equipment are recorded at their approximate fair values at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the underlying assets of three to twenty years. Depreciation expense was \$43,700 and \$27,666 for the years ended June 30, 2021 and 2020, respectively.

**Investments:**

Investments are stated at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the increase (decrease) in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Deferred Revenue:**

Deferred revenue consists of funds received for books or DVDs that have not been completed and deposits for future events. The revenue will be recognized when the books or DVDs are published or produced and the events take place.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Revenue Recognition:**

The Society recognizes revenue from program revenue, contract revenue, and parking revenue when the services are provided. Gibbs Farm admissions are recognized when the guest is admitted. Membership dues are recognized over the membership period. Books and merchandise sales are recognized as revenue at the time of sale when transferred to the customer.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**In-Kind Contributions:**

For both years ended June 30, 2021 and 2020, the Society recognized revenue of \$47,458 and \$46,547, respectively, for donated space in the Landmark Center from Ramsey County through Minnesota Landmarks, Inc. The donated space is used for certain program and support services. In addition, during the year ended June 30, 2020, the Society recognized revenue of \$95,140 for professional services provided by Ramsey County related to the Gibbs Farm Red Barn Project.

**Functional Allocation of Expenses:**

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to program support costs based on management's analysis and estimates of direct personnel hours and labor-related costs. These estimates are revised by management, as necessary, to reflect the current state of the Society and to provide accurate expense allocations.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Income Taxes:**

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has taxable income that is not related to its tax-exempt status. The Society is not a private foundation and contributions to the Society qualify as a charitable tax deduction by the contributor. Parking lot and wedding rental fees generate unrelated business income for the Society.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Society and recognize a tax liability (or asset) for any uncertain position that more likely than not would not be sustained upon examination by the applicable tax authorities. The Society is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

**Advertising Costs:**

Advertising costs are charged to expense as incurred. Advertising expense amounted to \$206 and \$5,856 for the years ended June 30, 2021 and 2020, respectively

**Estimates:**

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

**New Accounting Pronouncement:**

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Society has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. These amendments have been applied retrospectively to all periods presented, with no effect on net assets.

**Subsequent Events:**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through October 20, 2021, the date the financial statements were available to be issued.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. AVAILABILITY AND LIQUIDITY**

The following represents RCHS' financial assets available for general expenditure within one year of June 30, 2021 and 2020:

	2021	2020
Financial Assets at Year-End		
Cash and cash equivalents	\$ 280,019	\$ 200,106
Accounts receivable	8,455	12,733
Investments	2,990,626	2,533,791
Funds held by others	75,526	60,548
Total financial assets	3,354,626	2,807,178
Less amounts not available to be used within one year		
Net assets with donor restrictions	(2,886,007)	(2,480,537)
Less net assets with restrictions available to be met in less than one year	126,392	123,248
Board designated funds	(520,879)	(451,391)
Financial assets available to meet general expenditures within one year	\$ 74,132	\$ (1,502)

The Society's goal is generally to maintain financial assets to meet 90 days of operating expenses. The Society's Board of Directors has designated a portion of its net assets for endowment and other purposes. Those amounts are identified as board designated funds in the table above. Those funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

**NOTE 3. INVENTORY**

At June 30, 2021 and 2020, inventory consisted of the following:

	2021	2020
Books	\$ 9,004	\$ 8,657
Gift shop merchandise	7,475	7,793
	\$ 16,479	\$ 16,450



**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 498,800	\$ 498,800
Land improvements	81,160	81,160
Building	850,715	850,715
Building improvements	1,171,518	1,165,337
Equipment and other	321,976	320,371
	2,924,169	2,916,383
Less: accumulated depreciation	(949,303)	(905,602)
	<b>\$ 1,974,866</b>	<b>\$ 2,010,781</b>

In 2006, the Society purchased property adjacent to Gibbs Farm. The original intent of the Society was to use the land for expansion of farm operations. A house that was located on the property was immediately put up for sale and no value was assigned to the structure at the time of purchase. After approximately four years on the market, the Board decided at its April 25, 2011, meeting to take the house off the market and use it in operations. The Society's intention is to eventually remove the house from the property. The Society has elected to continue to assign no value to the structure.

**NOTE 5. INVESTMENTS**

Investments consisted of the following at June 30, 2021 and 2020:

	2021	2020
Cash	\$ 43,196	\$ 33,249
Mutual Funds	345,772	249,168
Exchange-Traded Funds	2,601,658	2,251,374
	<b>\$ 2,990,626</b>	<b>\$ 2,533,791</b>

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). RCHS groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- |         |   |
|---------|---|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. These assets include mutual funds and exchange-traded funds.  |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"><li>• Quoted prices for similar assets/liabilities in active markets;</li><li>• Quoted prices for identical or similar assets in non-active markets;</li><li>• Inputs other than quoted prices that are observable for the asset/liability; and,</li><li>• Inputs that are derived principally from or corroborated by other observable market data.</li></ul> |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data.  |

The funds held at the Saint Paul Foundation (Funds Held by Others) have been valued at the fair value of the Society's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ from the values that would have been used had a ready market existed for these investments.

The Society's funds at the Saint Paul Foundation are invested in the Multi-Asset Endowment portfolio. At June 30, 2021 and 2020, this portfolio is composed of approximately 25% domestic equities, 25% international equities, 12% private capital, 8% absolute return, 15% fixed income, and 15% real assets.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. FAIR VALUE MEASUREMENTS (continued)**

The following summarizes the Society's assets within the fair value hierarchy as of June 30, 2021 and 2020:

2021	Fair Value	Level 1	Level 2	Level 3
Mutual Funds	\$ 345,772	\$ 345,772	\$ -	\$ -
Exchange-Traded Funds	2,601,658	2,601,658	-	-
Funds Held by Others	75,526	-	-	75,526
	<u>\$ 3,022,956</u>	<u>\$ 2,947,430</u>	<u>\$ -</u>	<u>\$ 75,526</u>
2020				
Mutual Funds	\$ 249,168	\$ 249,168	\$ -	\$ -
Exchange-Traded Funds	2,251,374	2,251,374	-	-
Funds Held by Others	60,548	-	-	60,548
	<u>\$ 2,561,090</u>	<u>\$ 2,500,542</u>	<u>\$ -</u>	<u>\$ 60,548</u>

The following table provides a summary of changes in fair value of the Society's level 3 financial assets for the years ended June 30, 2021 and 2020:

	2021	2020
Balance at July 1	\$ 60,548	\$ 65,290
Additional amounts invested in fund	1,091	1,171
Share of appreciation (depreciation) of fund	17,303	(2,465)
Distributions	(3,416)	(3,448)
	<u>\$ 75,526</u>	<u>\$ 60,548</u>

**NOTE 7. ENDOWMENT**

The Society's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. The Society has four separate donor-restricted endowments. Endowment funds are invested in assets held by the Saint Paul Foundation (see Note 5); cash held in a Revolving Reserve Fund, and other investments currently with Vanguard. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. ENDOWMENT (continued)**

**Interpretation of Relevant Law** – The Board of Directors of the Society has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies the original value of the gifts donated to the permanent endowments and the original value of subsequent gifts donated to the permanent endowment as net assets with donor restrictions.

In accordance with MPMIFA, the Society considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Society and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Society,
- The investment policies of the Society.

**Strategies Employed for Achieving Objective** – To satisfy its long-term rate-of-return objectives, the Society 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 Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraint.

**Return Objectives and Risk Parameters** – The Society has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets are those assets of donor-restricted funds the Society must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Society’s goal for its endowment funds, over time, is to provide an average rate of return of approximately 7.0% annually. Actual returns, based on market conditions, may vary from this amount.

**Spending Policy** – Endowment fund investment income is available for current operations under the spending rate method. The available distribution is calculated by taking 5.0% of a two-year rolling average of the eight quarters ending March 31 of the year preceding the year in which the distribution will be taken. The spending rate will not be less than 4.5% or more than 6.0% of the endowment’s current market value. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of 3.0% annually. This was consistent with the Society’s objective to maintain the purchasing power of the endowment asset held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. ENDOWMENT (continued)**

The composition of endowment net assets as of June 30, 2021 and 2020 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2021</u>			
Board designated	\$ 505,291	\$ -	\$ 505,291
Donor-restricted			
Original donor restricted gift amounts and amounts to be maintained in perpetuity	-	2,064,020	2,064,020
Accumulated investment gains	-	695,595	695,595
	<u>\$ 505,291</u>	<u>\$ 2,759,615</u>	<u>\$ 3,264,906</u>
<u>2020</u>			
Board designated	\$ 435,803	\$ -	\$ 435,803
Donor-restricted			
Original donor restricted gift amounts and amounts to be maintained in perpetuity	-	2,064,020	2,064,020
Accumulated investment gains	-	293,269	293,269
	<u>\$ 435,803</u>	<u>\$ 2,357,289</u>	<u>\$ 2,793,092</u>

The changes in endowment net assets for the years ended June 30, 2021 and 2020 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, 7/1/19	\$ 434,736	\$ 2,496,410	\$ 2,931,146
Investment return, net	(3,433)	(12,023)	(15,456)
Contributions	30,000	-	30,000
Appropriation of endowment assets pursuant to spending-rate policy	<u>(25,500)</u>	<u>(127,098)</u>	<u>(152,598)</u>
Endowment, 6/30/20	435,803	2,357,289	2,793,092
Investment return, net	94,988	529,422	624,410
Appropriation of endowment assets pursuant to spending-rate policy	<u>(25,500)</u>	<u>(127,096)</u>	<u>(152,596)</u>
Endowment, 6/30/21	<u>\$ 505,291</u>	<u>\$ 2,759,615</u>	<u>\$ 3,264,906</u>

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. FUNDS HELD BY OTHERS**

In 1997, the Saint Paul Foundation (the Foundation) awarded the Society a \$50,000 grant. Acceptance of the grant required the Society to raise a matching \$50,000. The Society records only contributions it raised and its portion of investment earnings. Investments in this endowment fund are recorded at fair value. Distributions are determined based on the Foundation's spending policy. The Foundation has variance power over the entire endowment fund. The fair value of the Society contributions received and related earnings was \$75,526 and \$60,548 as of June 30, 2021 and 2020, respectively. The fair value of the funds deposited by the Saint Paul Foundation that are not recorded in these financial statements was \$67,528 and \$58,422 at June 30, 2021 and 2020, respectively.

**NOTE 9. NOTES PAYABLE**

On April 13, 2020, the Organization received loan proceeds in the amount of \$134,300 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness would be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The Organization has used the proceeds for purposes consistent with the PPP and the full amount has been forgiven and recorded as contribution revenue in the accompanying financial statements.

On February 12, 2021, the Organization received loan proceeds in the amount of \$134,312 under the Paycheck Protection Program ("PPP"). The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is no absolute assurance that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in part or in whole.

**NOTE 10. LINE OF CREDIT**

The Society has a line of credit with a maximum borrowing of \$200,000 and \$100,000 at June 30, 2021 and 2020, respectively. The line of credit matures on November 11, 2022 and has an interest rate of prime plus 1.00%, with a minimum rate of 4.25%. At June 30, 2021 and 2020, the interest rate was 4.25%. Interest only is paid monthly with any outstanding principal due at maturity. There was no balance on the line of credit at June 30, 2021 and 2020, and there have been no borrowings subsequent to year-end. The line of credit is secured by the Gibbs Farm property.

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11. BOARD DESIGNATED NET ASSETS**

The Board of Directors has designated the following as of June 30, 2021 and 2020:

	2021	2020
Farnham Memorial	\$ 10,200	\$ 10,200
Virginia B. Kunz Memorial	5,388	5,388
Crystal Clift Endowment Fund	505,291	435,803
	\$ 520,879	\$ 451,391

The Crystal Clift Fund endowment is designated for Gibbs Farm.

**NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Gibbs Farm	\$ 18,214	\$ -
Feasibility Study for Gibbs Expansion	-	69,791
Great Northern Iron Ore Book	7,919	7,919
Other programs and projects	100,259	45,538
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Available for general operations	695,595	293,269
Subject to endowment spending policy and appropriation:		
Available for general operations	736,390	736,390
Magazine	100,000	100,000
Archive and artifact collection	1,000,000	1,000,000
Lindley-Kunz Editorial fund	30,000	30,000
Permanently revolving reserve fund	197,630	197,630
Total net assets with donor restrictions	\$ 2,886,007	\$ 2,480,537

**RAMSEY COUNTY HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS (continued)**

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
Gibbs Farm	\$ -	\$ 200,231
Feasibility Study for Gibbs Expansion	69,791	-
Other programs and projects	34,241	120,737
Subject to endowment spending policy and appropriation:		
General operations	127,096	127,098
Total net assets with donor restrictions	\$ 231,128	\$ 448,066

As of June 30, 2021 and 2020, the Society had borrowed the permanently revolving reserve fund as permitted by the fund. The borrowings will be paid back by December 31 as required by the fund.

**NOTE 13. RETIREMENT PLAN**

The Society has a 403(b) plan which covers substantially all full-time employees. The Society may decide on an annual basis whether to make a matching contribution, and the amount of any contribution. The matching contributions to the plan were \$15,153 and \$11,806 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 14. OPERATING LEASES**

In addition to the donated space provided by Ramsey County, the Society leases storage and additional office space in the Landmark Center. The lease is renewed on an annual calendar year basis. Rent expense for the years ended June 30, 2021 and 2020 was \$8,208 and \$8,667, respectively. The Society also leases a postage meter and copier under operating lease agreements. For the years ended June 30, 2021 and 2020, rent expense for these leases was \$1,620 for both years. Future minimum rental payments under these leasing agreements at June 30, 2021 consisted of the following:

Year Ending December 31,	Amount
2022	\$ 1,620
2023	405
	\$ 2,025