

Detroit Historical Society

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Trustees
Detroit Historical Society
Detroit, Michigan

Opinion

We have audited the accompanying financial statements of Detroit Historical Society (the "Society", a nonprofit Corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Detroit Historical Society as of June 30, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 16 to the financial statements, prior period adjustments were necessary to record accrued vacation time, correct contribution revenue and related promises to give, and to correct net assets with and without donor restrictions. 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 the Society's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Yeo & Yeo, P.C.

Ann Arbor, Michigan
April 16, 2025

Detroit Historical Society
Statement of Financial Position
June 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 529,358
Investments	3,219,892
Accounts receivable, net of allowance for credit losses of \$0	1,529,814
Promises to give	942,868
Inventory	255,315
Prepaid expenses	<u>128,220</u>

Total current assets 6,605,467

Property and equipment, net 2,872,359

Right of use asset - operating lease, net 27,769

Total assets \$ 9,505,595

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 148,387
Accrued expenses	282,974
Deferred revenue	34,616
Operating lease obligation, current portion	<u>10,538</u>

Total current liabilities 476,515

Long-term liabilities

Operating lease obligation, net of current portion 17,231

Total liabilities 493,746

Net assets

Without donor restrictions

Undesignated 7,928,015

With donor restrictions

Perpetual in nature 119,893

Purpose restrictions 963,941

Total with donor restrictions 1,083,834

Total net assets 9,011,849

Total liabilities and net assets \$ 9,505,595

Detroit Historical Society
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service fees	\$ 1,046,648	\$ 37,507	\$ 1,084,155
Contributions	5,664,987	924,335	6,589,322
Contributions of nonfinancial assets	346,683	-	346,683
Net investment income	174,310	-	174,310
Net assets released from restrictions	<u>856,922</u>	<u>(856,922)</u>	<u>-</u>
Total revenue, support and gains	<u>8,089,550</u>	<u>104,920</u>	<u>8,194,470</u>
Expenses			
Programs and exhibits	1,285,676	-	1,285,676
Museum operations	1,657,225	-	1,657,225
Operating lease obligation, current portion	797,510	-	797,510
Education and curators	1,364,953	-	1,364,953
Volunteers	9,119	-	9,119
Management and general	1,314,799	-	1,314,799
Membership development	<u>1,228,198</u>	<u>-</u>	<u>1,228,198</u>
Total expenses	<u>7,657,480</u>	<u>-</u>	<u>7,657,480</u>
Change in net assets	432,070	104,920	536,990
Net assets - beginning of year, as restated	<u>7,495,945</u>	<u>978,914</u>	<u>8,474,859</u>
Net assets - end of year	<u>\$ 7,928,015</u>	<u>\$ 1,083,834</u>	<u>\$ 9,011,849</u>

See Accompanying Notes to the Financial Statements

Detroit Historical Society
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services					Total Program Services	Supporting Services		Total Supporting Services	Total
	Programs and Exhibits	Museum Operations	Program Marketing	Education and Curators	Volunteers		Management and General	Membership Development		
Salaries and related costs	\$ 477,075	\$ 510,683	\$ 532,288	\$ 1,033,910	\$ -	\$ 2,553,956	\$ 667,580	\$ 678,978	\$ 1,346,558	\$ 3,900,514
Professional fees	26,183	104,132	64,803	31,370	-	226,488	410,148	217,452	627,600	854,088
Supplies	211,757	95,829	47,441	50,057	1,740	406,824	22,600	175,159	197,759	604,583
Repairs and maintenance	137,802	393,460	-	3,368	-	534,630	-	5,451	5,451	540,081
Occupancy	129,274	222,896	39,083	42,089	6,013	439,355	43,086	41,093	84,179	523,534
Depreciation	294,020	-	-	147,010	-	441,030	49,003	-	49,003	490,033
Cost of goods sold	-	265,790	-	-	-	265,790	-	-	-	265,790
Printing	1,534	3,547	103,339	2,156	-	110,576	3,848	68,203	72,051	182,627
Insurance	-	-	-	-	-	-	56,090	-	56,090	56,090
Conferences and meetings	986	8,564	6,766	4,184	540	21,040	22,890	11,439	34,329	55,369
Telephone	-	35,440	-	10,598	-	46,038	-	-	-	46,038
Tours	3,944	1,228	-	33,614	-	38,786	-	4,244	4,244	43,030
Miscellaneous	-	39	-	-	817	856	35,405	2,493	37,898	38,754
Postage and freight	401	13,566	3,366	165	9	17,507	2,534	13,302	15,836	33,343
Operating lease obligation, curren	2,700	2,051	424	6,432	-	11,607	1,615	10,384	11,999	23,606
Total expenses by function	\$ 1,285,676	\$ 1,657,225	\$ 797,510	\$ 1,364,953	\$ 9,119	\$ 5,114,483	\$ 1,314,799	\$ 1,228,198	\$ 2,542,997	\$ 7,657,480

See Accompanying Notes to the Financial Statements

Detroit Historical Society
Statement of Cash Flows
For the Years Ended June 30, 2024

Cash flows from operating activities

Change in net assets	\$ 536,990
Items not requiring cash	
Depreciation	490,033
Unrealized gain on investments	(96,597)
Realized gain on investments	(28,104)
Change in discount to net present value	(10,728)
Changes in operating assets and liabilities	
Accounts receivable	(392,264)
Promises to give	1,749,370
Inventory	(36,938)
Prepaid expenses	(63,276)
Accounts payable	4,775
Accrued expenses	(17,995)
Deferred revenue	6,401
	<hr/>
Net cash provided by operating activities	<hr/> 2,141,667

Cash flows from investing activities

Purchases of investments	(4,071,009)
Proceeds from sales of investments	<hr/> 1,721,642
Net cash used by investing activities	<hr/> (2,349,367)

Net change in cash and cash equivalents	(207,700)
Cash and cash equivalents - beginning of year	<hr/> 737,058
Cash and cash equivalents - end of year	<hr/> <hr/> \$ 529,358

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Detroit Historical Society (the "Society") is an independent, Michigan non-profit Corporation, based in Detroit, Michigan. The Society's purpose is to educate and inspire its community and visitors by preserving and portraying the region's shared history through exhibits and experiences. Under an agreement with the City of Detroit (the "City"), the Society manages the daily operations of the Detroit Historical Museum, its gift shop, the Dossin Great Lakes Museum, and the Collections Resource Center. The City contributed \$1,000,000 towards operational expenses during the year ended June 30, 2024.

The Fund for Culture is an affiliated 501(c)4 nonprofit organization organized with another Detroit-based museum to accept outside donations in support of efforts to obtain a local millage for the benefit of both museums. The Fund for Culture does not meet the requirements for consolidation and, therefore, is not included in the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Society considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As of June 30, 2024 \$272,972 of cash and cash equivalents was in excess of the amount insured by the FDIC.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for credit losses. The Society estimates the allowance based on an analysis of specific accounts, taking into consideration the age of past due accounts, an assessment of ability to pay, current conditions, and reasonable and supportable forecasts. Individual receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional.

The Society uses the income approach to value unconditional promises to give, in the aggregate on an annual basis, under the fair value option.

Inventory

Inventories consist of finished goods and are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance for future expenses. The amounts are expected to be utilized in the next fiscal year.

Property and Equipment

The Society follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Society evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Leases

The Society leases certain equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Society's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Society has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Society has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Compensated Absences

Employees of the Society are entitled to paid days off depending on length of service. Employees are allowed to accumulate up to 45 days and, upon separation, are paid out any unused paid time off up to 10 days.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Society receives deposits for facility rental and group tours in advance of the start date. The deposits received for events that will occur after the end of the fiscal year are recorded in deferred revenue.

Donated Services and Goods

The Society records the value of donated goods as contributions using estimated fair values at the date of receipt. The Society's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Advertising

The Society expenses advertising costs the first time the advertising occurs. Advertising expense for the year ended June 30, 2024 was \$77,941.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs consist of salaries and benefits which are allocated based on time studies of the particular individuals. The Society did not conduct any activities for which joint costs were allocated between development expenses and program services or general and administrative expenses.

Income Tax Status

The Society is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization, as described in Section 509(a)(2). The Society files information returns in the U.S. Federal and Michigan jurisdiction.

Risks and Uncertainties

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Use of Estimates

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

Date of Management's Review

Management has evaluated subsequent events through April 16, 2025, which is the date the financial statements were available to be issued.

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Adoption of New Accounting Standard

The Society adopted FASB Topic 326, *Financial Instruments – Credit Losses*, as of the beginning of the year ended June 30, 2024. FASB Topic 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. This has been adopted prospectively using the modified retrospective approach, which restates the balances as of the date of adoption. Beginning net assets for the year ended June 30, 2024 did not change as a result of this standard.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2024:

Cash and cash equivalents	\$ 529,358
Investments	3,219,892
Accounts receivable	1,529,814
Promises to give	<u>942,868</u>
Total financial assets - end of year	6,221,932
Less: Financial assets unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	<u>(1,083,834)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,138,098</u>

The Society has a policy to manage its liquidity following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 3 - Investments

Fair value of marketable debt and equity securities at June 30, 2024 consist of:

Available for sale	
Money market funds	\$ 323,642
Fixed income	1,285,187
Equity securities	<u>1,611,063</u>
Total available for sale	<u>\$ 3,219,892</u>

Investment income is composed of the following at June 30, 2024:

Dividends and interest	\$ 63,048
Realized gains	28,104
Unrealized gains	96,597
Less: investment fees	<u>(13,439)</u>
Total investment income	<u>\$ 174,310</u>

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Note 4 - Promises to Give

Promises to give are scheduled to be collected as follows:

2024	\$ 945,868
Less allowance for uncollectible promises	<u>(3,000)</u>
Total promises to give	<u><u>\$ 942,868</u></u>

Management has elected the fair value option for promises to give in order to simplify the accounting for promises to give made in multiple years. The promises to give are discounted using the applicable federal rate of 6.95%. Promises to give activity for June 30, 2024 is detailed as follows:

Balance beginning of the year	\$ 2,681,510
Less collections	(5,643,125)
Add new pledges	3,893,755
Change in discount of fair value	<u>10,728</u>
Balance end of the year	<u><u>\$ 942,868</u></u>

The impact of instrument-specific credit risk on promises to give was not material for the year ended June 30, 2024.

Note 5 - Conditional Promises to Give

During the fiscal year, the Society received conditional promises to give related to state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose. The conditional contributions consisted of the following as of June 30, 2024:

Donor	Condition / Grant Purpose	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution
National Endowment for the Humanities (NEH)	Oral History	\$ 74,800	\$ 36,429	\$ 38,371
Institute of Museum & Library Sciences (IMLS)	ARC Eye Digital Staffing & Equipment	<u>199,619</u>	<u>181,030</u>	<u>18,589</u>
		<u><u>\$ 274,419</u></u>	<u><u>\$ 217,459</u></u>	<u><u>\$ 56,960</u></u>

Note 6 - Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

Furniture and equipment	\$ 400,132
Leasehold improvements	<u>8,131,351</u>
	8,531,483
Accumulated depreciation	<u>(5,659,124)</u>
Property and equipment, net	<u><u>\$ 2,872,359</u></u>

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

The above schedule includes assets acquired as part of various capital improvement programs initiated by the Society. These assets are considered leasehold improvements by the Society, as the Society leases the Detroit Historical Museum from the City.

Note 7 - Leases

The Society leases certain equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2028 and provide for renewal options. The Society includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Society to pay real estate taxes, insurance, and repairs.

The Society has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Total lease costs for the year ended June 30, 2024 are as follows:

Operating lease cost	\$ <u>11,638</u>
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The following table summarizes the supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ <u>11,638</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term in years:	
Operating leases	2.60
Weighted-average discount rate:	
Operating leases	5.00%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

2025	\$ 11,638
2026	11,638
2027	5,469
2028	<u>797</u>
Total lease payments	29,542
Less interest	<u>(1,773)</u>
Present value of lease liabilities	<u>\$ 27,769</u>

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at June 30, 2024:

Subject to expenditure for specified purpose:

CRC Car Collection Tours	\$ 2,000
Davidson Grant for Free Admission	22,180
Detroit Diesel	148,070
Detroit Pistons	18,210
Dossin Great Lakes Museum	8,050
Dossin Great Lakes Museum Landscaping	6,776
Dossin Great Lakes Museum Summer Camp	36,764
Flagstar Bank Grant for Neurodiversity Space	25,000
Ford Motor Company Fund	40,000
Friends of Historic Hamtramck ("FHHS") Affinity Group	52,157
Frontiers to Factories Refresh	171,009
Gilbert Family Foundation - Arts and Culture Pass	22,700
Glancy Foundation	42,644
Institute of Museum and Library Services ("IMLS") digitization project	64,910
Knight Foundation Storytelling	11,172
Kresge Foundation	171,310
Maritime Miniatures	17,255
Mason Archive - Prismatic Foundation	1,000
National Endowment for the Humanities ("NEH") Climate Assessment - CRC	95,000
Ziebart	7,734
	<hr/> 963,941 <hr/>

Investments in perpetuity subject to appropriation:

Restricted by donors for	
Registration fees for educational workshops	4,044
Discretionary fund of the Museum Director	99,914
Short-term exhibits	11,805
Any activities of the Society	4,130
	<hr/> 119,893 <hr/>

Total net assets with donor restrictions	<hr/> \$ 1,083,834 <hr/>
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Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

Note 9 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2024:

Satisfaction of purpose restrictions	
Applebaum summer intern program	\$ 3,000
Davidson Grant for Free Admission	2,820
Detroit Diesel	11,930
Detroit Pistons	6,790
Dossin Great Lakes Museum	7,082
Dossin Great Lakes Museum Landscaping	27,124
Dossin Great Lakes Museum Summer Camp	736
Exhibits	59,564
Ford Motor Company Fund	40,000
Friends of Historic Hamtramck ("FHHS") Affinity Group	34,959
Frontiers to Factories Refresh	241
Glancy Foundation	6,159
Institute of Museum and Library Services ("IMLS") digitization project	108,698
Jewish Historical Society of Michigan	1,500
Knight Foundation Storytelling	6,350
Knight Funding the Fun	3,258
Kresge Foundation	178,690
Maritime Miniatures	12,302
Michigan Humanities Council - Digital Streets of Old Detroit	15,000
Midtown Detroit Educators Night	5,000
National Oceanic and Atmospheric Administration ("NOAA") Friends of the Detroit River	7,125
The Hustle	314,828
Ziebart	3,766
Total net assets released from donor restrictions	<u>\$ 856,922</u>

Note 10 - Endowment Fund

The Society established the Detroit Historical Endowment Fund (the "Endowment Fund") as a component fund of the Community Foundation for Southeast Michigan (the "Foundation"). The Endowment Fund is an asset of the Foundation intended solely for the use of the Society. The Foundation transfers earnings on the Endowment Fund to the Society periodically in the form of grants so long as the Society continues to meet its tax-exempt purpose. Grants paid to the Society for the year ended June 30, 2024 totaled \$144,209.

Since the Endowment Fund has been funded entirely by contributions from outside donors, this fund is not recorded on the statement of financial position of the Society. The fair value of the Endowment Fund as of June 30, 2024 is \$2,910,034.

The Society's policy is to spend assets from the Endowment Fund as they are distributed by the Foundation. The Foundation invests the assets of the Endowment Fund as part of a pooled cash endowment with similar funds held on behalf of other non-profit organizations. The assets of the Foundation's pooled endowment are

Detroit Historical Society
Notes to the Financial Statements
June 30, 2024

invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

Note 11 - Revenue from Contracts with Customers

The following summarizes revenue by type for the year ended June 30, 2024:

Revenue from contracts with customers	\$ 1,159,590
Contributions	6,513,887
Contributions of nonfinancial assets	346,683
Investment income	<u>174,310</u>
Total revenue	<u>\$ 8,194,470</u>

All revenue from contracts with customers for the year ended June 30, 2024 consists of revenue earned at a point in time.

Revenue earned at a point in time consists of sales of goods and services. The Society recognizes revenue when a performance obligation is satisfied by transferring control over a product or service to a customer. For museum operation revenue, the Society has determined control to be transferred at the point in time when the goods or services are provided to a customer.

The Society receives deposits for facility rental and group tours in advance of the start date. The deposits received for events that will occur after the end of the fiscal year are recorded in deferred revenue.

The following summarizes contract assets and contract liabilities as of:

	<u>June 30, 2024</u>	<u>July 1, 2023</u>
Contract assets:		
Accounts receivable	<u>\$ 1,529,814</u>	<u>\$ 1,137,550</u>
Contract liabilities:		
Deferred revenue	<u>\$ 34,616</u>	<u>\$ 28,215</u>

The Society uses the practical expedient to record revenue as if there is no significant financing component when the receivable is due within one year.

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Note 12 - Contributed Nonfinancial Assets

The Society as an arrangement with the City under which the City leases to the Society facilities at no charge. The value of the use of those facilities is included in contributed nonfinancial assets, which for the year ended June 30, 2024 were:

Category	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Office space	\$ 300,638	Program and supporting services	No associated donor restrictions	In valuing the contributed office space from the City, the Society estimated the fair value on the basis of recent leasing rates in the surrounding real estate market. The use of the office space is recorded as a month-to-month lease.
Supplies	44,482	Various	No associated donor restrictions	The Society estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Services	1,563	Transportation services	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services.
Volunteer services	-	Museum and Collections Center	No associated donor restrictions	Criteria for recording revenue are not met; approximately 1,700 hours were donated
	<u>\$ 346,683</u>			

Note 13 - Fair Value Measurements

The following tables represent information about the Society's assets and liabilities measured at fair value on a recurring basis at June 30, 2024, and the valuation techniques used by the Society to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Society has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

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In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Society's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of June 30, 2024:

		Quoted Prices in		
		Active Markets for	Significant Other	
		Identical Assets	Observable Inputs	Unobservable
	Total	(Level 1)	(Level 2)	Inputs (Level 3)
Money market funds	\$ 323,642	\$ 323,642	\$ -	\$ -
Fixed income	1,285,187	1,285,187	-	-
Equity securities	1,611,063	1,611,063	-	-
Total assets at fair value	<u>\$ 3,219,892</u>	<u>\$ 3,219,892</u>	<u>\$ -</u>	<u>\$ -</u>

The Board of Trustees (the "Board") for the Society maintains an Investment Committee whose responsibility is to monitor the Society's investment portfolio and to make sure that the portfolio is invested in accordance with the Society's written investment policy, as developed and implemented by the Board. The Society's investment portfolio is professionally managed by one or more independent financial advisors who manage the portfolio and act as custodians. The independent financial advisors are responsible for advising the Board with regard to appropriate investments and for maintaining the portfolio within the guidelines of the Society's investment policy.

Note 14 - Retirement Plan

The Society provides retirement benefits for eligible full-time employees through a defined contribution plan. Employees are generally eligible to participate at age 21 and after completing one year of employment. The Society contributes one percent of the base salary of each eligible employee who provided at least 1,000 hours of service during the year. The Society's contribution was \$23,087 for the year ended June 30, 2024. Contributions are fully vested after three years of employee service.

Note 15 - Lawsuit and Contingent Liability

The Society is named as a defendant in a lawsuit regarding personal injury at a Society event. The lawsuit is in the discovery stage and the Society's attorneys are unable to conclude the likelihood of an unfavorable outcome is either probable or remote and, therefore, are unable to estimate a range of possible loss. The Society's insurance is not expected to cover any damages nor out of pocket expenses.

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Note 16 - Correction of Errors – Prior Period Adjustments

The Society recorded three prior period adjustments to correct balances at June 30, 2023 presented on these financial statements. First, the Society recorded accrued vacation time which increased accrued expenses at June 30, 2023 from \$203,056 to \$300,969 which resulted in a decrease of net assets without donor restrictions of \$97,913. Second, the Society corrected the revenue recognition for federal contracts at June 30, 2023 which decreased promises to give from \$2,808,107 to \$2,681,510 which resulted in a decrease in net assets without donor restrictions of \$126,597. Finally, the Society corrected net assets with donor restrictions for two purpose restricted grants at June 30, 2023 in the amount of \$45,855 which increased net assets with donor restrictions and decreased net assets without donor restrictions. The cumulative affect of the changes at June 30, 2023 is as follows:

	Amount as Previously Stated	Amount as Restated	Increase (Decrease)
Accrued expenses - vacation time	\$ 203,056	\$ 300,969	\$ 97,913
Promises to give	2,808,107	2,681,510	(126,597)
Net assets with donor restrictions	933,059	978,914	45,855
Net assets without donor restrictions	7,766,310	7,495,945	(270,365)