



FINANCIAL STATEMENTS

June 30, 2023 and 2022

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United States Capitol Historical Society  
Washington, D.C.

### ***Opinion***

We have audited the financial statements of United States Capitol Historical Society, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United States Capitol Historical Society as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United States Capitol 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.

### ***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 United States Capitol Historical Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

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

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Alexandria, Virginia  
September 26, 2023

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,102,515	\$ 1,475,866
Investments	1,912,244	1,750,588
Employee Retention Credit receivable	239,683	-
Accounts receivable, net	76,348	38,880
Unconditional promises to give	75,000	150,000
Inventory	474,677	426,867
Prepaid expenses and other assets	59,887	37,605
Finance lease right-of-use assets	17,745	23,294
Property and equipment, net	<u>122,036</u>	<u>131,636</u>
<b>Total assets</b>	<u>\$ 4,080,135</u>	<u>\$ 4,034,736</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 74,670	\$ 137,332
Accrued payroll	38,107	51,205
Financing lease liabilities	18,682	23,829
Economic Injury Disaster Loan	<u>142,448</u>	<u>146,006</u>
<b>Total liabilities</b>	273,907	358,372
<b>NET ASSETS</b>		
Without donor restrictions	3,152,707	2,887,582
With donor restrictions	<u>653,521</u>	<u>788,782</u>
<b>Total net assets</b>	<u>3,806,228</u>	<u>3,676,364</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,080,135</u>	<u>\$ 4,034,736</u>

See accompanying notes.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Sales of merchandise	\$ 1,186,847	\$ -	\$ 1,186,847	\$ 1,286,381	\$ -	\$ 1,286,381
Royalties	1,408	-	1,408	982	-	982
Other revenue	1,675	-	1,675	3,825	-	3,825
Contributions	896,160	854,449	1,750,609	876,866	781,154	1,658,020
In-kind contributions	14,000	-	14,000	143,397	-	143,397
Paycheck Protection Program loan forgiveness	-	-	-	508,208	-	508,208
Employee Retention Credit income	239,683	-	239,683	-	-	-
Investment return, net	165,720	-	165,720	(280,016)	-	(280,016)
<b>Total support and revenue</b>	<b>2,505,493</b>	<b>854,449</b>	<b>3,359,942</b>	<b>2,539,643</b>	<b>781,154</b>	<b>3,320,797</b>
<b>EXPENSES</b>						
Program Services						
Educational Events and Publications	1,533,736	-	1,533,736	1,038,742	-	1,038,742
Retail Operations	993,646	-	993,646	1,114,772	-	1,114,772
Membership	165,871	-	165,871	159,313	-	159,313
<b>Total program services</b>	<b>2,693,253</b>	<b>-</b>	<b>2,693,253</b>	<b>2,312,827</b>	<b>-</b>	<b>2,312,827</b>
Supporting Activities						
Management and General	453,351	-	453,351	401,634	-	401,634
Fundraising	83,474	-	83,474	224,089	-	224,089
<b>Total expenses</b>	<b>3,230,078</b>	<b>-</b>	<b>3,230,078</b>	<b>2,938,550</b>	<b>-</b>	<b>2,938,550</b>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>						
Satisfaction of purpose restrictions	989,710	(989,710)	-	501,739	(501,739)	-
<b>Change in net assets</b>	<b>265,125</b>	<b>(135,261)</b>	<b>129,864</b>	<b>102,832</b>	<b>279,415</b>	<b>382,247</b>
Net assets at beginning of year	2,887,582	788,782	3,676,364	2,784,750	509,367	3,294,117
<b>Net assets at end of year</b>	<b>\$ 3,152,707</b>	<b>\$ 653,521</b>	<b>\$ 3,806,228</b>	<b>\$ 2,887,582</b>	<b>\$ 788,782</b>	<b>\$ 3,676,364</b>

See accompanying notes.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2023 and 2022

	Program Services			Supporting Activities		Total
	Educational Events and Publications	Retail Operations	Membership	Management and General	Fundraising	
<u>2023</u>						
Personnel	\$ 489,178	\$ 209,447	\$ 102,384	\$ 152,431	\$ 47,849	\$ 1,001,289
Professional fees	63,950	4,285	-	243,275	1,799	313,309
Office expenses	134,249	61,611	22,668	-	15,967	234,495
Event expenses	42,155	1,579	20,107	3,925	-	67,766
Insurance	16,036	7,359	2,708	-	1,907	28,010
Occupancy	85,545	36,627	17,904	26,656	8,369	175,101
Advertising	26,125	18,523	49	4,563	3,176	52,436
Travel	4,669	698	-	34	-	5,401
Interest	57	423	-	4,787	310	5,577
Depreciation and amortization	155	1,149	1	13,003	841	15,149
Miscellaneous	26,780	18,987	50	4,677	3,256	53,750
Publications	16,799	-	-	-	-	16,799
Cost of goods sold	-	632,958	-	-	-	632,958
Portrait expenses	628,038	-	-	-	-	628,038
<b>Total expenses</b>	<b>\$ 1,533,736</b>	<b>\$ 993,646</b>	<b>\$ 165,871</b>	<b>\$ 453,351</b>	<b>\$ 83,474</b>	<b>\$ 3,230,078</b>
	Program Services			Supporting Activities		
	Educational Events and Publications	Retail Operations	Membership	Management and General	Fundraising	Total
<u>2022</u>						
Personnel	\$ 376,868	\$ 195,163	\$ 92,848	\$ 146,973	\$ 46,209	\$ 858,061
Professional fees	51,160	25,704	10,800	190,717	145,797	424,178
Office expenses	53,299	96,666	18,792	8,491	15,271	192,519
Event expenses	8,084	-	-	-	-	8,084
Insurance	9,145	16,586	3,224	1,457	2,620	33,032
Occupancy	115,139	80,301	28,305	36,315	12,174	272,234
Advertising	4,869	15,322	1,949	440	295	22,875
Travel	8,212	510	-	97	-	8,819
Interest	644	585	206	3,459	283	5,177
Depreciation and amortization	2,445	2,221	783	13,142	1,076	19,667
Miscellaneous	6,009	18,909	2,406	543	364	28,231
Cost of goods sold	-	662,805	-	-	-	662,805
Portrait expenses	402,868	-	-	-	-	402,868
<b>Total expenses</b>	<b>\$ 1,038,742</b>	<b>\$ 1,114,772</b>	<b>\$ 159,313</b>	<b>\$ 401,634</b>	<b>\$ 224,089</b>	<b>\$ 2,938,550</b>

See accompanying notes.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 129,864	\$ 382,247
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	15,149	19,667
Net realized and unrealized (gain) loss on investments	(97,810)	393,073
Forgiveness of Paycheck Protection Program loan	-	(508,208)
(Increase) decrease in assets		
Employee Retention Credit receivable	(239,683)	-
Accounts receivable	(37,468)	50,555
Unconditional promises to give	75,000	(150,000)
Inventory	(47,810)	4,272
Prepaid expenses and other assets	(22,282)	1,571
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(62,662)	89,440
Accrued payroll	(13,098)	15,459
Deferred revenue	-	(21,184)
<b>Net cash flows from operating activities</b>	<u>(300,800)</u>	<u>276,892</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of and interest and dividends retained in investments	(63,846)	(112,225)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on Economic Injury Disaster Loan	(3,558)	(3,430)
Principal payments on finance lease liabilities	(5,147)	(3,915)
<b>Net cash flows from financing activities</b>	<u>(8,705)</u>	<u>(7,345)</u>
<b>Change in cash</b>	(373,351)	157,322
Cash at beginning of year	<u>1,475,866</u>	<u>1,318,544</u>
<b>Cash at end of year</b>	<u>\$ 1,102,515</u>	<u>\$ 1,475,866</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Cash paid for interest	\$ 4,057	\$ 5,177

See accompanying notes.



**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

United States Capitol Historical Society (Society) is a nonprofit organization, incorporated under the laws of the District of Columbia, which operates under Congressional Charter dated October 20, 1978, giving it the authority to preserve and improve the Capitol; to research, publish, and create items, medals and material of historical interest; and to cooperate with Congressional committees and federal agencies in the work of the Society and the distribution of its products. The Society is supported primarily by merchandise sales and contributions.

**Accounts Receivable**

Accounts receivable consist primarily of amounts owed from customers related to merchandise sales. Accounts receivable are presented at the gross amount due to the Society, less an allowance for uncollectible accounts. The Society's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Society's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged directly to bad debt expense and an allowance is recorded. At June 30, 2023 and 2022, the allowance for doubtful accounts totaled \$3,921 each year.

**Promises to Give**

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2023 and 2022, \$75,000 of unconditional promises to give are collectible within one year and at June 30, 2022, \$75,000 of unconditional promises to give are collectible in one to five years.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Inventory**

The Society's inventory consists of calendars, publications and other items for sale, which stimulate interest in the history of Congress and the United States Capitol. Inventory is recorded at the lower of cost or net realizable value and is valued using the first in, first out method.

**Property and Equipment**

The Society capitalizes all expenditures for property and equipment in excess of \$500 with expected useful lives greater than one year. Purchases of property and equipment are carried at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine years. Leasehold improvements are amortized over the lesser of the remaining life of the office lease or the estimated useful life of the improvements.

**Leases**

The Society does not recognize short-term leases in the statements of financial position. For these leases, the Society recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Society also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Society uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**Revenue Recognition**

The Society's earned revenue consists of sales of merchandise, including calendars, publications and other items for sale, as well as royalties. The revenue from these sales are recognized in the period in which the merchandise is delivered to the customer. Royalty income is recognized during the period to which the underlying sales relate. Amounts received in advance from these sources are recorded as deferred revenue.

**Contributions**

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. 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 statements of activities as net assets released from restrictions.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Donated Services**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also supported the Society's program services and fundraising campaigns throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, office expenses, insurance, occupancy, advertising, interest, depreciation and amortization, and miscellaneous expense, which are allocated on the basis of estimates of time and effort.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The Society is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

**Date of Management's Review**

Management has evaluated subsequent events through September 26, 2023, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Society maintains its cash balances in financial institutions located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023 and 2022, the Society's uninsured cash balances total approximately \$390,000 and \$812,000, respectively.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

**NOTE 3 – INVESTMENTS**

Investments are comprised of the following:

	2023	2022
Money market funds	\$ 1,284	\$ 408
Mutual funds	1,910,960	1,750,180
Investments	\$ 1,912,244	\$ 1,750,588

Fair values of mutual funds are valued at the closing price reported on the active market on which the funds are traded and are considered Level 1 fair value measurements.

**NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN**

The Society has received loans totaling \$508,208 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). During the year ended June 30, 2022, the Society received preliminary forgiveness of both of its PPP loans. The Society must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Society's good-faith certification concerning the necessity of its loan request, whether the Society calculated the loan amount correctly, whether the Society used loan proceeds for the allowable uses specified in the CARES Act, and whether the Society is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Society was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following:

	2023	2022
Warehouse	\$ 208,787	\$ 208,787
Computer equipment	212,377	212,377
Furniture	131,641	131,641
Office equipment	120,705	120,705
Website development costs	48,709	48,709
Leasehold improvements	38,448	38,448
Vehicle	24,945	24,945
Software	15,835	15,835
Less accumulated depreciation	(679,411)	(669,811)
Property and equipment, net	\$ 122,036	\$ 131,636

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

**NOTE 6 – ECONOMIC INJURY DISASTER LOAN**

During the year ended June 30, 2020, the Society applied for and received a \$150,000 Economic Injury Disaster Loan (EIDL). The loan carries an interest rate of 2.75% per annum and a 30-year maturity. Future minimum payments on the EIDL for the years ending June 30 are as follows:

	2024	\$ 3,640
	2025	3,742
	2026	3,846
	2027	3,953
	2028	4,063
	Thereafter	123,204
		<u>\$ 142,448</u>

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are comprised of the following:

	2023	2022
Program funds:		
APA - Curriculum	\$ 1,350	\$ 1,350
Brown Internship	328	328
Capitol Fellowship	11,350	11,350
Capitol Stories	19,310	19,310
Essay Contest	7,381	7,381
Masons Programs	6,062	6,062
Performing Arts Fellowship	5,000	5,000
Pritchard	36,641	36,641
Resident Scholar	2,124	2,124
Schwengel Book	10,000	10,000
Symposium	36,592	57,602
Tree Brochure	2,000	2,000
UPS (Transport Slavery Exhibit)	445	445
We the People	-	26,157
Women's Tour	15,000	15,000
Youth Forum	4,000	4,000
Subsequent years' operations	75,000	150,000
Portrait Funds	420,938	434,032
	<u>\$ 653,521</u>	<u>\$ 788,782</u>

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

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NOTE 8 – LEASES

The Society has an operating lease for office space that is on a month-to-month basis. The Society also has finance leases for a copier and postage machine that expire at various dates in 2026 and 2027.

The components of lease cost are as follows:

	<u>2023</u>	<u>2022</u>
Finance lease cost		
Amortization of right-of-use assets	\$ 5,577	\$ 4,473
Interest on lease liabilities	1,264	1,228
Short-term lease cost	<u>166,662</u>	<u>263,902</u>
Total lease cost	<u>\$ 173,503</u>	<u>\$ 269,603</u>

Other information related to financing leases are as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 3,558	\$ 3,430
Right-of-use assets obtained in exchange for financing lease obligations	-	27,745
Weighted average remaining lease term	3.16 years	4.16 years
Weighted average discount rate	6%	6%

The maturities of finance lease liabilities are as follows:

Year ending December 31:		
2024		\$ 6,437
2025		6,437
2026		6,437
2027		<u>1,274</u>
Future minimum payments		20,585
Less imputed interest		<u>(1,903)</u>
Total lease liabilities		<u>\$ 18,682</u>

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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**NOTE 9 – RETIREMENT PLAN**

The Society maintains a 403(b) retirement plan for all employees who have completed at least one year of service and have attained at least 18 years of age. The plan is currently funded and requires biweekly contributions equal to 5% of the participating employees' compensation. Retirement expense for the years ended June 30, 2023 and 2022 was \$46,604 and \$34,893, respectively.

**NOTE 10 – IN-KIND CONTRIBUTIONS**

For the year ended June 30, 2023, in-kind contributions recognized within the statements of activities include a Walter Chair, valued at \$18,000, used in the United States House of Representatives Chamber in the mid-1800s. The in-kind contributions for the year ended June 30, 2023 are included with miscellaneous expenses as Educational Events and Publications in the statement of functional expenses. During the year ended June 30, 2023, the chair was donated to the House of Representatives. For the year ended June 30, 2022, in-kind contributions recognized within the statements of activities include \$143,397 of donated professional services. The in-kind contributions for the year ended June 30, 2022 are included with professional fees as a fundraising activity in the statement of functional expenses. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.

The donated Walter Chair is valued at the appraised value conducted by an independent, third-party appraiser. Donated professional services recognized comprise professional services from a fundraising consultant to assist with fundraising strategies and donor cultivation. Donated professional services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

**NOTE 11 – COMMITMENT**

The Society has an employment agreement with its President and CEO. Under the terms of the agreement, should the Society terminate her employment without cause, the Society would be obligated to pay severance.

**NOTE 12 – EMPLOYEE RETENTION CREDIT**

During the year ended June 30, 2023, the Society claimed Employee Retention Credits (ERC) totaling \$239,683, including interest, under the provisions of the Coronavirus Aid, Relief, and Economic Security Act, as amended. Employers are eligible for the ERC if they experience either a significant decline in gross receipts or the full or partial suspension of operations because of governmental orders limiting commerce, travel, or group meetings due to COVID-19. The Society determined it had a significant decline in gross receipts and claimed the ERC for the second, third, and fourth calendar quarters of 2020 and the first, second, and third calendar quarters of 2021. The Internal Revenue Service (IRS) generally has five years from the date an ERC claim is filed to audit the claim. Therefore, the IRS may audit the Society's eligibility for the ERC and its substantiation of the amounts claimed. If the IRS determines that the Society was ineligible for the ERC, the Society could be required to repay the amount claimed along with penalties and interest.

**UNITED STATES CAPITOL HISTORICAL SOCIETY**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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NOTE 13 – LIQUIDITY AND AVAILABILITY

The following reflects the Society's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Financial assets at end of year		
Cash	\$ 1,102,515	\$ 1,475,866
Investments	1,912,244	1,750,588
Employee Retention Credit receivable	239,683	-
Accounts receivable, net	76,348	38,880
Unconditional promises to give	<u>75,000</u>	<u>150,000</u>
Total financial assets	3,405,790	3,415,334
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with time or purpose restrictions	<u>(578,521)</u>	<u>(638,782)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,827,269</u>	<u>\$ 2,776,552</u>

As part of the Society'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. Typically, cash held in excess of immediate liquidity needs is invested in accordance with the investment policy. Management periodically reviews liquid assets and increases or decreases cash as appropriate.