



FINANCIAL STATEMENTS

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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
Alexandria, Virginia
October 21, 2024

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,056,535	\$ 1,102,515
Investments	2,115,425	1,912,244
Employee Retention Credit receivable	91,997	239,683
Accounts receivable, net	56,947	76,348
Unconditional promises to give	71,000	75,000
Inventory	367,158	474,677
Prepaid expenses and other assets	76,395	59,887
Finance lease right-of-use assets	12,196	17,745
Operating lease right-of-use asset	605,866	-
Property and equipment, net	116,726	122,036
Total assets	<u>\$ 4,570,245</u>	<u>\$ 4,080,135</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 86,700	\$ 74,670
Accrued payroll	53,831	38,107
Refundable advance	56,846	-
Financing lease liabilities	13,218	18,682
Operating lease liability	605,866	-
Economic Injury Disaster Loan	138,808	142,448
Total liabilities	955,269	273,907
NET ASSETS		
Without donor restrictions	3,031,930	3,152,707
With donor restrictions	583,046	653,521
Total net assets	<u>3,614,976</u>	<u>3,806,228</u>
Total liabilities and net assets	<u>\$ 4,570,245</u>	<u>\$ 4,080,135</u>

See accompanying notes.

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Sales of merchandise	\$ 1,279,588	\$ -	\$ 1,279,588	\$ 1,186,847	\$ -	\$ 1,186,847
Royalties	1,634	-	1,634	1,408	-	1,408
Other revenue	396	-	396	1,675	-	1,675
Contributions	889,314	530,150	1,419,464	896,160	854,449	1,750,609
In-kind contributions	-	-	-	14,000	-	14,000
Government grants	219,513	-	219,513	-	-	-
Employee Retention Credit income	-	-	-	239,683	-	239,683
Investment return, net	210,019	-	210,019	165,720	-	165,720
Total support and revenue	2,600,464	530,150	3,130,614	2,505,493	854,449	3,359,942
EXPENSES AND LOSSES						
Program Services						
Educational Events and Publications	1,489,753	-	1,489,753	1,533,736	-	1,533,736
Retail Operations	872,805	-	872,805	993,646	-	993,646
Membership	127,379	-	127,379	165,871	-	165,871
Total program services	2,489,937	-	2,489,937	2,693,253	-	2,693,253
Supporting Activities						
Management and General	485,138	-	485,138	453,351	-	453,351
Fundraising	47,570	-	47,570	83,474	-	83,474
Total expenses	3,022,645	-	3,022,645	3,230,078	-	3,230,078
Loss on write off of obsolete inventory	299,221	-	299,221	-	-	-
Total expenses and losses	3,321,866	-	3,321,866	3,230,078	-	3,230,078
NET ASSETS RELEASED FROM RESTRICTION						
Satisfaction of purpose restrictions	525,625	(525,625)	-	989,710	(989,710)	-
Expiration of time restrictions	75,000	(75,000)	-	-	-	-
Net assets released from restrictions	600,625	(600,625)	-	989,710	(989,710)	-
Change in net assets	(120,777)	(70,475)	(191,252)	265,125	(135,261)	129,864
Net assets at beginning of year	3,152,707	653,521	3,806,228	2,887,582	788,782	3,676,364
Net assets at end of year	\$ 3,031,930	\$ 583,046	\$ 3,614,976	\$ 3,152,707	\$ 653,521	\$ 3,806,228

See accompanying notes.

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2024 and 2023

	Program Services			Supporting Activities		Total Expenses
	Educational Events and Publications	Retail Operations	Membership	Management and General	Fundraising	
<u>2024</u>						
Personnel	\$ 514,227	\$ 216,145	\$ 101,378	\$ 174,252	\$ 31,160	\$ 1,037,162
Professional fees	231,775	26,305	-	290,634	-	548,714
Office expenses	95,472	33,460	10,743	-	5,073	144,748
Event expenses	60,035	2,559	2,503	12	477	65,586
Insurance	14,204	4,978	1,598	-	755	21,535
Occupancy	98,378	34,479	11,070	-	5,227	149,154
Advertising	7,603	5,391	14	1,328	925	15,261
Travel	12,886	85	26	217	69	13,283
Interest	51	381	-	4,312	280	5,024
Depreciation and amortization	111	824	1	9,321	603	10,860
Miscellaneous	24,686	17,503	46	5,062	3,001	50,298
Publications	42,425	-	-	-	-	42,425
Cost of goods sold	-	530,695	-	-	-	530,695
Portrait expenses	387,900	-	-	-	-	387,900
Total expenses	<u>\$ 1,489,753</u>	<u>\$ 872,805</u>	<u>\$ 127,379</u>	<u>\$ 485,138</u>	<u>\$ 47,570</u>	<u>\$ 3,022,645</u>
	Program Services			Supporting Activities		
	Educational Events and Publications	Retail Operations	Membership	Management and General	Fundraising	Total Expenses
<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
Total expenses	<u>\$ 1,533,736</u>	<u>\$ 993,646</u>	<u>\$ 165,871</u>	<u>\$ 453,351</u>	<u>\$ 83,474</u>	<u>\$ 3,230,078</u>

See accompanying notes.

UNITED STATES CAPITOL HISTORICAL SOCIETY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (191,252)	\$ 129,864
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	10,860	15,149
Net realized and unrealized gains on investments	(128,372)	(97,810)
Write off of obsolete inventory	299,221	-
Amortization of operating lease right-of-use asset	82,820	-
(Increase) decrease in assets		
Employee Retention Credit receivable	147,686	(239,683)
Accounts receivable	19,401	(37,468)
Unconditional promises to give	4,000	75,000
Inventory	(191,702)	(47,810)
Prepaid expenses and other assets	(16,508)	(22,282)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	12,029	(62,662)
Accrued payroll	15,724	(13,098)
Deferred revenue	56,846	-
Operating lease liability	(82,820)	-
Net cash flows from operating activities	<u>37,933</u>	<u>(300,800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(74,809)	(63,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on Economic Injury Disaster Loan	(3,640)	(3,558)
Principal payments on finance lease liabilities	(5,464)	(5,147)
Net cash flows from financing activities	<u>(9,104)</u>	<u>(8,705)</u>
Change in cash	(45,980)	(373,351)
Cash at beginning of year	<u>1,102,515</u>	<u>1,475,866</u>
Cash at end of year	<u>\$ 1,056,535</u>	<u>\$ 1,102,515</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 5,024	\$ 5,414

See accompanying notes.

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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. The Society uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses for accounts receivable and believes the composition of accounts receivable at the end of the year is consistent with historical conditions because credit terms and practices and overall customer base has not changed significantly. At June 30, 2024 and 2023, the Society has an allowance for credit losses totaling \$3,921 each year. At June 30 2024, 2023, and 2022, the Society's accounts receivable balance totaled \$56,947, \$76,348, and \$38,880, respectively.

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, 2024 and 2023, all unconditional promises to give are collectable within one year.

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.

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. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Government Grants

The Society receives grants from government agencies and others that are conditioned upon the Society incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Society, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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.

Advertising

The Society expenses advertising costs in the period the advertising occurs.

Date of Management's Review

Management has evaluated subsequent events through October 21, 2024, the date which the financial statements were available to be issued.

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 2024 and 2023, the Society's uninsured cash balances total approximately \$432,000 and \$390,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 201,282	\$ 1,284
Mutual funds	<u>1,914,143</u>	<u>1,910,960</u>
Investments	<u>\$ 2,115,425</u>	<u>\$ 1,912,244</u>

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 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2024</u>	<u>2023</u>
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	<u>(684,721)</u>	<u>(679,411)</u>
Property and equipment, net	<u>\$ 116,726</u>	<u>\$ 122,036</u>

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 5 – 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:

	2025	\$ 3,742
	2026	3,846
	2027	3,953
	2028	4,063
	2029	4,176
	Thereafter	119,028
		\$ 138,808

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following:

	2024	2023
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
Resident Scholar	2,124	2,124
Schwengel Book	-	10,000
Symposium	36,592	36,592
Tree Brochure	2,000	2,000
UPS (Transport Slavery Exhibit)	445	445
Women's Tour	15,000	15,000
Youth Forum	4,000	4,000
Subsequent years' operations	-	75,000
Portrait Funds	472,104	420,938
Net assets with donor restrictions	\$ 583,046	\$ 653,521

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 7 – LEASES

The Society has an operating lease for office space that was on a month-to-month basis until November 2023, at which time the Society signed a long-term lease for the space through October 2028. 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>2024</u>	<u>2023</u>
Finance lease cost		
Amortization of right-of-use assets	\$ 5,549	\$ 5,577
Interest on lease liabilities	972	1,264
Operating lease cost	103,140	-
Short-term lease cost	<u>38,461</u>	<u>166,662</u>
Total lease cost	<u>\$ 148,122</u>	<u>\$ 173,503</u>

Other information related to financing leases are as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 5,464	\$ 5,147
Operating cash flows from operating lease	103,140	-
Right-of-use assets obtained in exchange for operating lease obligations	688,686	-
Weighted average remaining lease term		
Finance leases	2.16 years	3.16 years
Operating lease	4.33 years	N/A
Weighted average discount rate		
Finance leases	6%	6%
Operating lease	4.67%	N/A

The maturities of lease liabilities are as follows:

	<u>Finance Lease</u>	<u>Operating Lease</u>
Year ending December 31:		
2025	\$ 6,437	\$ 154,710
2026	6,437	154,710
2027	1,274	154,710
2028	-	154,710
2029	-	51,570
Future minimum payments	<u>14,148</u>	<u>670,410</u>
Less imputed interest	<u>(930)</u>	<u>(64,544)</u>
Total lease liabilities	<u>\$ 13,218</u>	<u>\$ 605,866</u>

UNITED STATES CAPITOL HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 – 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, 2024 and 2023 was \$38,972 and \$46,604, respectively.

NOTE 9 – 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, 2024, the Society did not receive any in-kind contributions. 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 10 – 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 11 – 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, 2024 and 2023

NOTE 12 – 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 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>2024</u>	<u>2023</u>
Financial assets at end of year		
Cash	\$ 1,056,535	\$ 1,102,515
Investments	2,115,425	1,912,244
Employee Retention Credit receivable	91,997	239,683
Accounts receivable, net	56,947	76,348
Unconditional promises to give	<u>71,000</u>	<u>75,000</u>
Total financial assets	3,391,904	3,405,790
Less amounts unavailable for general expenditures within one year:		
Restricted by donors with time or purpose restrictions	<u>(583,046)</u>	<u>(578,521)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,808,858</u>	<u>\$ 2,827,269</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.