HARVEY & MARTIN, PLLC

CAPE ANN MUSEUM, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2025

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HARVEY & MARTIN, PLLC

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INDEPENDENT AUDITOR'S REPORT

November 11, 2025

To the Board of Directors
Cape Ann Museum, Inc.
27 Pleasant Street
Gloucester, Massachusetts 01930

Opinion

We have audited the accompanying financial statements of Cape Ann Museum, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Cape Ann Museum, Inc. as of March 31, 2025, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cape Ann Museum, Inc. 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.

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 Cape Ann Museum, Inc.'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 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 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 Cape Ann Museum, Inc.'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 Cape Ann Museum, Inc.'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.

Yours truly,

Gloucester, Massachusetts

CAPE ANN MUSEUM, INC.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED
MARCH 31, 2025

--ASSETS--

CURRENT ASSETS:		
Cash and cash equivalents (Notes 2 and 3)	$	4,554,876
Short-term investments: certificates of deposit (Notes 2 and 3)		1,796,048
Unconditional promises to give (Note 12)		1,192,059
Employee retention credit receivable (Note 17)		108,918
Inventory - gift shop (Note 2)		72,918
Prepaid expenses		21,847
Deposits		45,046
Total current assets		7,791,712
PROPERTY AND EQUIPMENT - NET (Note 4)		12,305,384
OTHER ASSETS:		
Investments (Notes 2, 3, and 13)		15,970,705
Unconditional promises to give (Note 12)		2,408,431
Collections (Note 5)		1
Total other assets		18,379,137
TOTAL	$	38,476,233

--LIABILITIES AND NET ASSETS--

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	153,905
Deferred revenue		26,000
Note payable - current portion		10,000
Total current liabilities		189,905
Note payable (Note 7)		20,000
Total liabilities		209,905
NET ASSETS: (Notes 10 and 11)		
Without donor restrictions:		
Unrestricted		18,547,926
Board designated endowment		3,000,000
With donor restrictions		16,718,402
Total net assets		38,266,328
TOTAL	$	38,476,233

The accompanying notes are an integral part of these financial statements.

CAPE ANN MUSEUM, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
MARCH 31, 2025

	Without Donor Restrictions				
	Operating	Non-Operating	Total	With Donor Restrictions	TOTAL
Revenues:					
Memberships	$ 369,304	$ -	$ 369,304	$ -	$ 369,304
Donations	1,085,290	-	1,085,290	7,133,036	8,218,326
Bequests	4,383	50,000	54,383	-	54,383
Admissions	54,834	-	54,834	-	54,834
Sales	78,777	-	78,777	-	78,777
Exhibits, programs, and events	214,937	-	214,937	-	214,937
Grants	32,480	-	32,480	577,358	609,838
Endowment draw	675,317	(301,745)	373,572	(373,572)	-
Interest income	63,348	218,768	282,116	-	282,116
Investment income, net	-	236,342	236,342	102,575	338,917
Net realized/unrealized gains	-	220,238	220,238	85,045	305,283
Net assets released from restrictions	525,276	2,760,372	3,285,648	(3,285,648)	-
Total revenue and support	3,103,946	3,183,975	6,287,921	4,238,794	10,526,715
Expenses:					
Programs	1,977,722	779,331	2,757,053	-	2,757,053
Management and general	533,461	53,220	586,681	-	586,681
Fundraising	675,777	97,993	773,770	-	773,770
Total expenses	3,186,960	930,544	4,117,504	-	4,117,504
CHANGE IN NET ASSETS	(83,014)	2,253,431	2,170,417	4,238,794	6,409,211
NET ASSETS - APRIL 1, 2024	610,318	18,767,191	19,377,509	12,479,608	31,857,117
NET ASSETS - MARCH 31, 2025	$ 527,304	$ 21,020,622	$ 21,547,926	$ 16,718,402	$ 38,266,328

The accompanying notes are an integral part of these financial statements.

CAPE ANN MUSEUM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
MARCH 31, 2025

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Payroll	$ 692,862	$ 202,027	$ 378,800	$ 1,273,689
Payroll taxes and benefits	114,601	33,415	62,653	210,669
Total payroll and related expenses	807,463	235,442	441,453	1,484,358
Exhibits, programs, and events	315,570	-	109,535	425,105
Outside services	133,481	134,914	85,450	353,845
Repairs and maintenance	182,383	13,134	1,600	197,117
Collections	185,867	-	-	185,867
Utilities	86,701	25,689	48,167	160,557
Office and other	75,436	20,000	37,500	132,936
Information technology	62,798	18,607	34,888	116,293
Insurance	73,540	41,680	-	115,220
Member services	99,171	-	-	99,171
Cost of sales	77,451	-	-	77,451
Interest expense	63,912	-	-	63,912
Advertising and public relations	56,338	-	-	56,338
Accounting and legal	-	42,590	6,630	49,220
Security	4,742	1,405	2,634	8,781
Total expenses before depreciation and amortization	2,224,853	533,461	767,857	3,526,171
Depreciation and amortization	532,200	53,220	5,913	591,333
Total expenses	$ 2,757,053	$ 586,681	$ 773,770	$ 4,117,504

The accompanying notes are an integral part of these financial statements.

CAPE ANN MUSEUM, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
MARCH 31, 2025

OPERATING ACTIVITIES:	
Increase in net assets	$ 6,409,211
Adjustments:	
Depreciation and amortization	591,333
Realized and unrealized gains on investments	(305,283)
Contribution received for long-term purposes	(960,000)
Donated stock	(746,255)
Collection acquisition expense	50,000
(Increase) decrease in operating assets:	
Unconditional promises to give	(435,469)
Prepaid expenses	3,577
Right-of-use asset	119,118
Deposits	(32,937)
Inventory	29,636
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(78,530)
Deferred revenue	9,600
Operating lease liability	(119,118)
CASH PROVIDED BY OPERATING ACTIVITIES	4,534,883
INVESTING ACTIVITIES:	
Purchase of property and equipment	(2,429,822)
Purchase of certificates of deposit	(1,200,000)
Interest reinvested - certificates of deposit	(176,623)
Maturities of certificates of deposit	2,551,134
Purchase of investments	(8,647,138)
Proceeds from sales of investments	8,999,922
CASH USED BY INVESTING ACTIVITIES	(902,527)
FINANCING ACTIVITIES:	
Net payments on lines of credit	(1,674,535)
Principal payments on note payable	(20,000)
Contribution to endowment	960,000
CASH USED BY FINANCING ACTIVITIES	(734,535)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,897,821
CASH AND CASH EQUIVALENTS - APRIL 1, 2024	1,657,055
CASH AND CASH EQUIVALENTS - MARCH 31, 2025	$ 4,554,876
SUPPLEMENTAL DISCLOSURE:	
Interest paid	$ 63,912

The accompanying notes are an integral part of these financial statements.

1. OPERATIONS

The Museum, open to the public, is a not-for-profit organization founded in 1873, incorporated in Massachusetts in 1876, and changed its name to "Cape Ann Museum, Inc." in 2014. Its purposes are the ownership, operation, preservation, and exhibition of historical buildings, objects and records, and works of art. The Museum maintains a historic house at 27 Pleasant Street, Gloucester, supplemented by two modern wings where its collections are exhibited. The Museum also maintains the historic White-Ellery house and Babson-Alling house as part of an almost 4-acre campus at 13 Poplar Street, Gloucester. A centerpiece of this property is the Collections Center including an Exhibitions/ Education flex space. This campus, titled the Cape Ann Museum Green, encompasses use of a property at 11 Poplar Street, Gloucester. The Museum sponsors special exhibits, lectures, films, concerts, and excursions for its members and for the public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The financial statements of the Museum have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

The Museum is required to report information regarding its financial position and activities based on the existence 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 reported as increases in net assets without donor restrictions.

Net assets with donor restrictions – net assets subject to donor (or certain grantor) imposed restrictions. Some donor or grantor 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 permanent in nature, where the donor stipulates that resources be maintained in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

A. Basis of presentation (continued)

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions until the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Gifts of long-lived assets and cash restricted for the acquisition of long-lived assets are recognized as contributions with donor restrictions when received or acquired and the restriction is released when the assets are placed in service.

B. Investments

The Museum reports investments in marketable equity securities with readily determinable fair market values at fair market value.

C. Cash and cash equivalents

Cash consists of the Museum’s checking accounts for operations and capital campaign funds. Time deposits with original maturities of 12 months or less, but greater than 3 months, are classified as short-term investments in the Statement of Financial Position. Certain money market funds and time deposits designated by the Board and held by the Museum's Investment Custodian are not deemed to be cash and are classified as long-term investments in the Statement of Financial Position.

D. Donated services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Museum’s programs and activities. The value of this contributed time is not susceptible to objective measurement and valuation and therefore is not reflected in the accompanying financial statements.

E. Inventory

Inventory primarily consists of publications, photos, postcards, and other items of historical content as well as educational and household items relevant to the Museum’s programs. These are sold to the public in the Museum's gift shop. Inventory is valued at the lower of cost (first-in, first-out method) or net realizable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Accrued compensated absences

The Museum does not provide for carryover of compensated absences and therefore no accrual is made.

G. Tax positions and filings

The Museum has been granted tax-exempt status under Internal Revenue Code Section 501(c) (3) and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided in the accompanying financial statements. The Museum is not a private foundation.

The Museum is required to evaluate or disclose tax positions that could have an effect on the Museum's financial statements. The Museum reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the government agencies for a period of three years after filing. Substantially all of the Museum's income, expenditures, and activities relate to its exempt purpose, therefore, management has determined that the Museum is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

The Museum has filed all of its known required returns in a timely manner including, as permitted, allowed extensions. As of March 31, 2025, the Return of Organization Exempt From Income Tax on Form 990 for the years after 2021 remain open to examination by the Internal Revenue Service and the Massachusetts Attorney General's Office.

H. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, right-of-use asset, lease liability, allocations of expense to functional categories, depreciation and amortization, accrued liabilities, and other reserves. Accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

J. Advertising costs

Advertising costs are charged to operations as incurred. Advertising expense for the year ended March 31, 2025 was $14,271.

3. INVESTMENTS

All investments are considered endowment funds and are presented in the financial statements at fair value and consist of the following at March 31, 2025:

	Cost	Fair Value
Cash and cash equivalents (Note 2)	$ 129,477	$ 129,477
Fixed income: securities	3,464,299	3,484,927
Fixed income: certificates of deposit	1,865,135	1,876,221
Equity	9,800,839	10,480,080
Total	$15,259,750	$15,970,705

Changes in endowment net assets for the year ended March 31, 2025 were as follows:

	Without donor restrictions	With donor restrictions	Total
Beginning of year	$10,880,872	$ 4,391,079	$15,271,951
Earned income	236,102	102,575	338,677
Net realized/ unrealized gains	220,238	85,045	305,283
Contributions	-	960,000	960,000
Distributions	(531,634)	(373,572)	(905,206)
Transfers	(1,616,500)	1,616,500	-
End of year	$ 9,189,078	$ 6,781,627	$15,970,705

3. INVESTMENTS (CONT.)

The endowment funds are monitored by the investment committee with the advice of its money manager and are subject to the overall investment policy statement. This policy adopts a 10 year investment horizon and has as its objective a goal to preserve and maintain the principal with a balanced portfolio of diversified investments. With the exception of the Margaret Farrell Lynch Fund, the spending policy is set by the Board of Directors and reviewed annually.

4. PROPERTY, EQUIPMENT, AND INTANGIBLES

Land, buildings, and equipment are located in Gloucester, Massachusetts, and are carried at cost or fair market value for donated items. Expenditures for maintenance and repairs are charged to expense in the current period. Major repairs and acquisitions greater than $5,000 with a useful life greater than one year, are capitalized and depreciated/amortized using the straight-line method over estimated useful lives ranging from three to forty years. A summary of property, equipment, intangibles, and accumulated depreciation and amortization is detailed below:

Cape Ann Museum buildings and improvements	$11,596,228
Collections storage facility	5,342,687
Sculpture Park - 26 Pleasant Street	624,096
Babson - Alling House	663,200
White - Ellery House and Barn - 247 Washington Street	343,176
Furniture and fixtures	331,051
Office and program equipment	155,412
Website and software	123,825
	19,179,675
Less: Accumulated depreciation and amortization	(6,874,291)
Total property, equipment, and intangibles	$12,305,384

Total depreciation and amortization expense for the year ended March 31, 2025 was $591,333.

5. COLLECTIONS

Collections consist of works of art, objects, artifacts, and records reflective of the Museum and its heritage. Collection items, whether purchased or donated, are not capitalized because their intrinsic value is not susceptible to reasonable estimation. The collection is carried at $1.00. It is the policy of the Museum that proceeds from the sale of collection items will be used to purchase additional collection items or to maintain or preserve the collection. New acquisitions are then charged as collection acquisitions.

The Collections of the Museum are its primary asset and their display and accessibility to the public are two of its primary objectives. A collections committee monitors the acquisition and disposition of collection items. The committee and management are responsible for recommending and implementing measures to enhance the conservation, maintenance, and security of the collection.

6. LINES OF CREDIT

The Museum has an available line of credit to draw upon as needed for operating activities. The current terms for this line allow borrowing of up to $200,000. The line carries a current interest rate of 7.5% and is secured by all business assets. The outstanding balance was $0 at March 31, 2025. There was $200,000 available to draw upon at March 31, 2025.

The Museum has an available line of credit to draw upon as needed for operating and capital purposes. The current terms for this line allow borrowing of up to $4,000,000. The line carries a current interest rate equal to the bank's Base Rate (8.00% at March 31, 2025) and is secured by the Museum's unrestricted investments. The outstanding balance was $0 at March 31, 2025. There was $4,000,000 available to draw upon at March 31, 2025.

7. NOTE PAYABLE

In August 2024, the Museum acquired a sculpture for $50,000 under an installment purchase agreement requiring five annual payments of $10,000 each. Two payments were made in 2024, and the remaining $30,000 is payable in three equal annual installments through December 2027. In accordance with the Museum's collection policy, this acquisition was expensed and not capitalized.

8. REVENUE RECOGNITION

The Museum is dependent on membership and donation revenue and its ability to collect amounts owed on unconditional promises to give. The success of the economy as a whole impacts the nature, amount, timing, and uncertainty of revenues and cash flows. Revenue from memberships is comprised of various levels of membership categories paid in advance of expiration.

9. BOARD DESIGNATED ENDOWMENT

The Board of Directors designated $3,000,000 of otherwise unrestricted investments as a "Board Designated Endowment" to preserve and protect the future financial security of the Museum. Appropriations of the board designated funds are subject to specific board approval. These funds are invested alongside all other endowment funds.

10. NET ASSETS WITH DONOR RESTRICTIONS

A. Net Assets Available for Expenditure

The Museum received various grants and donations that were donor restricted for their intended purpose. The following summarizes the unexpended balances for these activities at March 31, 2025:

CAM150 campaign	$ 9,306,654
Exhibits and programs	44,962
Collections	294,260
Education programs	66,179
Operations support	32,500
Other	33,935
Museum buildings construction and improvement	158,285
Net assets available for expenditure	$ 9,936,775

B. Capital Campaign

In June 2019, the Museum commenced a capital campaign to address funding needs at Cape Ann Museum Green and 27 Pleasant Street and to raise funds for the endowment. Projects for the Campaign include the construction of a new collections center and flexible gallery space at Cape Ann Museum Green and updates to core facility systems at 27 Pleasant Street. The capital campaign ended on March 31, 2025.

C. Endowment funds with donor restrictions

The Museum has six donor restricted endowment funds that are restricted by purpose or spending rule. The balances in these funds totaled $6,781,627 at March 31, 2025.

11. PRIOR-YEAR NET ASSET RECLASSIFICATION

During the year ended March 31, 2025, management reviewed historical records related to the Organization's endowment funds and determined that a portion of amounts previously classified as board-designated endowment funds were originally derived from donor-restricted contributions. As a result, the opening balances as of April 1, 2024 were adjusted to reclassify $973,441 from net assets without donor restrictions to net assets with donor restrictions. This reclassification had no effect on total net assets or the change in total net assets for the year ended March 31, 2025.

The Organization continues to administer and invest these funds in accordance with its endowment investment and spending policies and in compliance with the donor's restrictions.

12. UNCONDITIONAL PROMISES TO GIVE

At March 31, 2025 the Museum had recorded unconditional promises to give totaling $3,600,490. The promises are recorded at fair value and, for amounts due in more than one year, are discounted using present value techniques and a discount rate of 6% for 2025. The total discount at March 31, 2025 totaled $267,008. Promises to give at March 31, 2025 included amounts from members of the board totaling $980,367. An allowance for uncollectible promises was not established as of March 31, 2025.

Maturities of promises to give for each of the next 5 years are as follows:

March 31,	Amount
2026	$ 1,192,059
2027	1,151,197
2028	901,535
2029	563,707
2030	59,000
Total	3,867,498
Less: present value discount	(267,008)
Promises to give, net	$ 3,600,490

13. FAIR VALUE OF INVESTMENTS

The Museum, in accordance with U.S. generally accepted accounting principles, implemented the following requirements related to the fair value measurements for its financial assets and liabilities. The adoption of these principles did not have a material impact on the Museum's financial position or results of operations. U.S. generally accepted accounting principles refines the definition of fair value, expands disclosure requirements about fair value measurements, and established specific requirements as well as guidelines for a consistent framework to measure fair value. U.S. generally accepted accounting principles defines fair value as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants.

Further, U.S. generally accepted accounting principles require the Museum to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose the form of an outlined hierarchy of the details of such fair value measurements.

U.S. generally accepted accounting principles specify a hierarchy of valuation techniques based on whether the inputs to fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Museum's market assumptions.

This hierarchy requires the use of observable market data when available. These inputs have created the following value of hierarchy:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.
Level 2 – Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.
Level 3 – Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

13. FAIR VALUE OF INVESTMENTS (CONT.)

The following table summarizes the Museum's financial assets measured at fair value on a recurring basis in accordance with U.S. generally accepted accounting principles as of March 31, 2025:

	Level 1	Level 2
Certificates of deposits (maturity dates from May 2025 - April 2028)	$ -	$ 1,876,221
Money market accounts	-	129,477
Fixed income securities	3,484,927	-
Equity	10,480,080	-
Total	$13,965,007	$ 2,005,698

14. LIQUIDITY

Financial assets of $16,722,061 at March 31, 2025 were available for general expenditures in the following year. Included in these totals are net assets with donor restrictions totaling $7,528,344 at March 31, 2025 for the Museum’s specified activities for the purposes of funding the various programs and expenditures as they are incurred.

15. UNINSURED DEPOSITS

At March 31, 2025 the Museum maintained cash accounts with one financial institution with balances in excess of federally insured limits of $250,000. The excess was insured by the Depositors Insurance Fund.

16. OPERATING LEASES

The Museum entered into a lease agreement beginning December 1, 2019 which expired on June 1, 2024. Beginning July 2024, the Museum agreed to continue as a lessee on a tenant-at-will basis. A $100 deposit has been paid on the property. As the Museum's lease does not provide an implicit rate, the Museum used a risk free interest rate at the commencement date in determining the present value of the lease payments.

Rent expense charged to operations under this operating lease for the year ended March 31, 2025 was $12,000.

17. EMPLOYEE RETENTION CREDIT

The Museum is eligible for the Employee Retention Credit ("ERC") under the CARES Act. Refunds receivable for the ERC at March 31, 2025 was $108,918 which represents a refund due on the 2021 Form 941 Employer Quarterly Federal Tax Return for the third quarter.

18. EMPLOYEE BENEFIT PLAN

The Museum sponsors a deferred compensation 401(K) plan which covers substantially all employees, whereby the employees choose to defer part of their compensation. The Museum matches 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions. Employer contributions are funded currently and vest immediately. Employer matching contributions totaled $41,268 for the year ended March 31, 2025.

19. SUBSEQUENT EVENTS

The Museum has evaluated subsequent events through November 11, 2025, the date which the financial statements were available to be issued.