

MARYLAND HISTORICAL SOCIETY, INC.

**Financial Statements and Supplementary Information
For the Years Ended June 30, 2020 and 2019**

Together with Independent Auditors' Report

MARYLAND HISTORICAL SOCIETY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Maryland Historical Society, Inc.:

We have audited the accompanying financial statements of Maryland Historical Society, Inc. (a nonprofit organization) (the Society), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maryland Historical Society, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

SC+H Attest Services, P.C.

February 25, 2021

MARYLAND HISTORICAL SOCIETY, INC.

Statements of Financial Position

<i>As of June 30,</i>	<i>2020</i>	<i>2019</i> <i>(as restated)</i>
Assets		
Cash and cash equivalents	\$ 269,620	\$ 60,984
Unconditional promises to give, net	1,354,491	1,147,252
Grants and other receivables	583,093	46,334
Bequest receivable	-	502,767
Investments	21,454,382	21,474,803
Inventory, net	108,082	114,249
Prepaid expenses	38,714	42,668
Property and equipment, net	12,107,360	12,399,981
Total Assets	\$ 35,915,742	\$ 35,789,038
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 591,583	\$ 379,312
Deferred contributions	91,500	25,000
Total Liabilities	683,083	404,312
Commitments and Contingencies (Note 7)		
Net Assets		
Without donor restrictions		
Undesignated	14,694,235	15,159,005
Board designated	1,479,081	1,503,590
With donor restrictions	19,059,343	18,722,131
Total Net Assets	35,232,659	35,384,726
Total Liabilities and Net Assets	\$ 35,915,742	\$ 35,789,038

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

MARYLAND HISTORICAL SOCIETY, INC.

Statement of Activities For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

	<i>Net Assets Without Donor Restrictions</i>	<i>Net Assets With Donor Restrictions</i>	<i>Total 2020</i>	<i>Total 2019 (as restated)</i>
Revenue and Other Support				
Member contributions	\$ 684,454	\$ -	\$ 684,454	\$ 719,785
Gifts and donations	75,158	1,339,711	1,414,869	2,136,253
Conditional grant revenue for PPP loan (Note 8)	396,000	-	396,000	-
Grants	383,603	500,000	883,603	154,489
Auxiliary income	319,156	-	319,156	331,366
Special event revenue	128,323	-	128,323	-
Insurance gain (Note 7)	38,640	-	38,640	-
Investment income	269,665	688,923	958,588	1,501,937
Net assets released from restrictions	2,191,422	(2,191,422)	-	-
Total Revenue and Other Support	4,486,421	337,212	4,823,633	4,843,830
Expenses				
Program	3,681,470	-	3,681,470	3,081,310
Management and general	728,550	-	728,550	684,638
Fundraising	565,680	-	565,680	522,118
Total Expenses	4,975,700	-	4,975,700	4,288,066
Change in Net Assets	(489,279)	337,212	(152,067)	555,764
Net Assets, beginning of year	16,662,595	18,722,131	35,384,726	34,828,962
Net Assets, end of year	\$ 16,173,316	\$ 19,059,343	\$ 35,232,659	\$ 35,384,726

The accompanying notes are an integral part of this financial statement.

MARYLAND HISTORICAL SOCIETY, INC.

Statement of Activities For the Year Ended June 30, 2019

	<i>Net Assets Without Donor Restrictions</i>	<i>Net Assets With Donor Restrictions (as restated)</i>	<i>Total (as restated)</i>
Revenue and Other Support			
Member contributions	\$ 719,785	\$ -	\$ 719,785
Gifts and donations	304,234	1,832,019	2,136,253
Grants	154,489	-	154,489
Auxiliary income	331,366	-	331,366
Investment income	389,061	1,112,876	1,501,937
Net assets released from restrictions	1,654,925	(1,654,925)	-
Total Revenue and Other Support	3,553,860	1,289,970	4,843,830
Expenses			
Program	3,081,310	-	3,081,310
Management and general	684,638	-	684,638
Fundraising	522,118	-	522,118
Total Expenses	4,288,066	-	4,288,066
Change in Net Assets	(734,206)	1,289,970	555,764
Net Assets, beginning of year	17,396,801	17,432,161	34,828,962
Net Assets, end of year	\$ 16,662,595	\$ 18,722,131	\$ 35,384,726

The accompanying notes are an integral part of this financial statement.

MARYLAND HISTORICAL SOCIETY, INC.

Statement of Functional Expenses For the Year Ended June 30, 2020

		<i>Management and</i>		
	<i>Program</i>	<i>General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 1,437,530	\$ 350,579	\$ 229,418	\$ 2,017,527
Depreciation	528,849	54,676	-	583,525
Professional Fees	272,611	86,455	117,511	476,577
Employee Benefits, Payroll Taxes, Group Insurance and Pension	271,827	53,085	41,846	366,758
Additional Exhibits	288,892	-	-	288,892
Heat, Light and Water	237,094	24,512	-	261,606
Technology Costs	132,534	54,900	17,296	204,730
Repairs & Maintenance	161,041	39,679	1,552	202,272
Events	29,158	10,568	121,863	161,589
Grants to Other Organizations	133,500	-	-	133,500
Printing Costs and Cost of Goods Sold	81,920	394	27,608	109,922
Insurance	75,384	-	-	75,384
Miscellaneous	13,581	33,341	1,226	48,148
Office Supplies and Postage	17,549	12,227	7,360	37,136
Advertising and Public Relations	-	8,134	-	8,134
	\$ 3,681,470	\$ 728,550	\$ 565,680	\$ 4,975,700

The accompanying notes are an integral part of this financial statement.

MARYLAND HISTORICAL SOCIETY, INC.

Statement of Functional Expenses For the Year Ended June 30, 2019

	<i>Management and</i>			
	<i>Program</i>	<i>General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 1,155,008	\$ 327,371	\$ 245,708	\$ 1,728,087
Depreciation	538,008	55,623	-	593,631
Professional Fees	173,300	62,003	161,663	396,966
Employee Benefits, Payroll Taxes, Group Insurance and Pension	183,729	68,290	50,656	302,675
Heat, Light and Water	259,413	26,820	-	286,233
Additional Exhibits	221,105	1,160	-	222,265
Technology Costs	126,709	56,889	18,136	201,734
Repairs & Maintenance	178,082	19,899	-	197,981
Printing Costs and Cost of Goods Sold	108,526	1,760	35,617	145,903
Insurance	75,957	-	-	75,957
Miscellaneous	17,305	31,831	1,550	50,686
Office Supplies and Postage	16,909	16,179	7,438	40,526
Events	27,259	4,056	1,350	32,665
Advertising and Public Relations	-	12,757	-	12,757
	\$ 3,081,310	\$ 684,638	\$ 522,118	\$ 4,288,066

The accompanying notes are an integral part of this financial statement.

MARYLAND HISTORICAL SOCIETY, INC.

Statements of Cash Flows

<i>For the Years Ended June 30,</i>	<i>2020</i>	<i>2019 (as restated)</i>
Cash Flows from Operating Activities		
Change in net assets	\$ (152,067)	\$ 555,764
Adjustments to reconcile change in net assets to cash and cash equivalents provided by operating activities:		
Depreciation	583,525	593,631
Decrease in present value discount on unconditional promises to give	(7,373)	-
Unrealized losses on investments	583,196	155,655
Changes in operating assets and liabilities		
Unconditional promises to give	(199,866)	(336,640)
Grants and other receivables	(536,759)	13,925
Bequest receivable	502,767	(502,767)
Inventory	6,167	6,541
Prepaid expenses	3,954	(8,463)
Accounts payable and accrued expenses	212,271	118,809
Deferred contributions	66,500	25,000
Cash and Cash Equivalents Provided by Operating Activities	1,062,315	621,455
Cash Flows from Investing Activities		
Acquisition of property and equipment	(290,904)	(76,289)
Purchases of investments	(10,058,940)	(4,121,431)
Proceeds from sales of investments	9,496,165	3,542,321
Cash and Cash Equivalents Used in Investing Activities	(853,679)	(655,399)
Net Increase (Decrease) in Cash and Cash Equivalents	208,636	(33,944)
Cash and Cash Equivalents, beginning of year	60,984	94,928
Cash and Cash Equivalents, end of year	\$ 269,620	\$ 60,984

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

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

Maryland Historical Society, Inc. (the Society) maintains a museum and library and conducts other activities related to the assembling and dissemination of data and display of artifacts of historical significance related to the State of Maryland.

In September 2020, the Society applied for a new trade name and the State of Maryland Department of Assessments and Taxation approved the new trade name Maryland Center for History and Culture.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Prior Period Restatement

During the year ended June 30, 2019, the Society received unconditional pledges restricted for the capital campaign. During the year ended June 30, 2019, the Society received unconditional promises to give that were restricted for the capital campaign totaling \$415,000 that were not properly recorded during the year ended June 30, 2019. The result of the error on net assets, changes in net assets, and unconditional promises to give are summarized below and are retrospectively reflected and restated in the accompanying statements of financial position and activities as of and for the year ended June 30, 2019.

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total Net Assets	Unconditional Promises to Give, net
Balance as of June 30, 2019 - as originally presented	\$ 16,662,595	\$ 18,307,131	\$ 34,969,726	\$732,252
Record previously unrecognized promises to give	-	415,000	415,000	415,000
Balance as of June 30, 2019 - as restated	\$ 16,662,595	\$ 18,722,131	\$ 35,384,726	\$ 1,147,252
Change in net assets for the year ended June 30, 2019 - as originally presented	\$ (734,206)	\$ 874,970	\$ 140,764	
Record previously unrecognized promises to give	-	415,000	415,000	
Change in net assets for the year ended June 30, 2019 - as restated	\$ (734,206)	\$ 1,289,970	\$ 555,764	

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Financial Statement Presentation

The financial statement presentation is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements*. Under ASC 958-205, the Society is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are the net assets that are not subject to donor-imposed restrictions. Contributions with donor restrictions that are met in the same reporting period that the contribution is received are reported as net assets without donor restrictions.

Undesignated – Represents resources available for support of operations.

Board Designated – The Board of Trustees has designated certain amounts which are to be spent only for the purposes approved by the Board of Trustees.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent the net assets that are subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of the Society pursuant to donor restrictions. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes. Contributions restricted by donors to acquire or construct a long-lived asset, including property and equipment, are released when the long-lived asset has been placed into service. Net assets with donor restrictions may also result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Society's actions.

Recently Adopted Accounting Principles

During the year ended June 30, 2019, the Society adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the financial statements and notes regarding the Society's liquidity, financial performance and cash flows.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d.

Recently Adopted Accounting Principles – cont’d.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the accounting guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance for contributions. ASU 2018-08 clarifies whether certain transactions should be characterized as contributions (nonreciprocal transactions) within the scope of Topic 958-605 or as exchange (reciprocal) transactions subject to other guidance such as Topic 606, *Revenue from Contracts with Customers*. This ASU provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Society implemented ASU 2018-08 during the year ended June 30, 2020. The adoption of the new standard did not have a material impact on the accompanying financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which is effective for annual periods beginning after December 15, 2019, with early application permitted. This ASU realigns the US GAAP definition of the term “collections” with revised industry guidance in the American Alliance of Museum’s Code of Ethics. The amendments will require that a collection-holding entity disclose its policy for the use of proceeds from deaccessioned collection items and disclose the definition of direct care if the policy allows proceeds to be used for direct care of existing collections. Management has elected to early adopt ASU 2019-03. The adoption of the new standard did not have a material impact on the accompanying financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customer (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Society implemented ASU 2014-09 during the year ended June 30, 2020. The Society determined that the new standard does not have a material impact on the timing of the Society’s revenue recognition. There was no effect on changes in net assets or net assets as a result of the adoption of ASU 2014-09.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and other highly-liquid investments with original maturities of three months or less at the time of purchase. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. From time to time, the Society has funds on deposit with a financial institution that are in excess of FDIC insured amounts. The Society has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash and cash equivalents. Management considers this to be a normal business risk.

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 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 may vary from those estimates.

Revenue from Exchange Transactions

Auxiliary income is recognized in accordance with ASC 606, *Revenue From Contracts with Customers*, either at a point in time or over a contract period as performance obligations are met, depending on the type of exchange transaction. Revenue from point-of-sale exchange transactions, including museum shop sales, retail sales, book and magazine sales, and deaccessioning sales, are recognized at the time of sale when the goods are provided. Admissions income, program activity fees, and school activity income are recognized on the date of admission. Facility rental income is recognized at the time of the rental when the performance obligation is met. For long-term contracts, income is recognized ratably over the rental contract period. Prepayments are recorded as deferred revenue when received.

Unconditional Promises to Give and Contributions Revenue

The Society records contributions in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence of donor restrictions. Contributions, including stock gifts and gifts-in-kind, are recorded at the fair value at the date of the gift. Unconditional contributions are recognized at their fair value at the time verifiable evidence of the promise to give is received. Unconditional promises to give in future periods are discounted to their net present value. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

The Society uses the allowance method to determine the reserve for uncollectible unconditional promises to give. The allowance is based on historical experience and management's analysis of specific promises made. The reserve for unconditional promises to give totaled \$5,000 as of June 30, 2020 and 2019.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Membership Contributions

Membership dues are recorded in a manner consistent with contribution revenue because management believes that the value of direct benefits to members are considered de minimis, and therefore membership does not represent an exchange transaction.

Grants

The Society occasionally receives grants from grantors including state agencies. As the grants are not reciprocal exchange transactions, they are recorded as contributions. There are generally conditions associated with the grants. When grants have a cost reimbursement billing arrangement, revenue is recognized as qualified costs are incurred. Grant funds received before conditions have been met are recorded as deferred revenue until earned.

Contributed Services and Donations

A number of volunteers and organizations have made significant contributions of their time and services to promote the activities of the Society. The value of this contributed time is not reflected in these statements because the services provided do not require specialized skills nor would they typically need to be purchased if not provided by the donation. Contributions of professional or other services are recorded at their fair values, which are estimated using values of comparable services. Donations in-kind are recorded at fair value at the date of the gift.

Investments

Investments are carried at fair value. Accordingly, net unrealized appreciation or depreciation of investments for the years is recorded in the accompanying statements of activities. Realized gains or losses on the sale of securities are calculated using the specific identification method and recorded on the settlement date of the transaction. Earnings on investments from restricted contributions are restricted for the same purpose as the original donor contributions.

Investment Risks and Uncertainties

The Society invests in a professionally managed portfolio that contains mutual funds and alternative investments. Such investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Assets Held in Charitable Remainder Unitrust

The Society is named as a beneficiary of an irrevocable charitable remainder unitrust. At the time of death of both donors, one half of the total assets in the trust will be transferred to the Society. This trust was created by donors independent of the Society and is neither in possession of nor under any control of the Society. The trust is administered by an outside fiscal agent as designated by the donor. The Society records the present value of the remainder interest discounted at a rate of 0.92% and 2.26% as of June 30, 2020 and 2019, respectively. Charitable remainder unitrusts are recognized as revenue based on the discounted value of the underlying assets at the time the Society is notified that it has been named as a beneficiary of an irrevocable trust. The interest in the charitable remainder unitrust as of June 30, 2020 and 2019 totaled \$228,066 and \$188,323, respectively. The charitable remainder unitrust is included in investments in the accompanying statements of financial position.

Inventory

The gift shop inventory is valued at the lower of cost or market, with cost being determined on the first-in, first-out basis. The provision for obsolete inventory totaled \$30,528 as of June 30, 2020 and 2019.

Property and Equipment

Property and equipment are stated at historical cost or, if donated, at fair value on the date of donation. The Society capitalizes all items over \$1,000 that have an estimated useful life of at least one year. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and improvements	15-40 years
Furniture, fixtures and equipment	5-10 years

When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflected in operations for the period. The cost of maintenance and repairs is charged to operations as incurred whereas significant renewals and betterments are capitalized.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Valuation of Long-Lived Assets

The Society accounts for the valuation of long-lived assets under ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed are reportable as the lower of the carrying amount or fair value, less costs to sell. As of June 30, 2020 and 2019, management does not believe any long-lived assets to be impaired and no assets are intended for disposal.

Collections

The Society holds three collections within the institution: 1) the Permanent Collection, 2) the Baltimore City Life Museum (BCLM) collection and 3) the For Use (K) Collection. The Permanent Collection consists of accessioned objects that further the Society's mission with the intent to be held in the Society's care and in the public trust for the foreseeable future. The BCLM collection is a part of the permanent collection and was added following the closure of the BCLM in 1997. The BCLM collection is a fixed collection with no new accessions. The K Collection is a non-accessioned collection containing objects intended for use by Society staff and members of the public. These may include hands-on activities and demonstrations or education use by non-professionals and students. These objects may be disposed of without notice.

The collections, which were acquired through purchases and contributions since the Society's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the net assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are recorded as increases in the appropriate net asset classes and are to be used solely for the acquisition of objects and care of the Permanent Collection in accordance with the American Alliance of Museums guidelines for care and display. During the years ended June 30, 2020 and 2019, the Society recognized \$7,951 and \$2,199, respectively, of proceeds from the sale of collection items which is included in auxiliary income in the accompanying statements of activities. Direct care is defined as an investment that enhances the life, usefulness or quality of a museum's collection. Direct care for the Society includes preventive conservation, such as temperature control, pest management, and object movement and handling restrictions. The collection is insured for casualty losses up to approximately \$10,000,000 (on campus) and \$5,000,000 for parts of the collection on loan to other exhibitions. The Society also has general building and property coverage of approximately \$58,000,000.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis in the accompanying statements of functional expenses. The Society incurs certain expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Costs that are not specifically attributable to a specific program or supporting activity and that benefit more than one functional category are allocated by management on a consistent basis. Overall maintenance, facilities expense, insurance, heat, light and water and other office expenses are allocated based on estimates of square footage or usage rates. Administrative payroll costs and benefits are allocated based on estimates of time and effort incurred by personnel.

Income Taxes

The Society is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Society had no net unrelated business income for the years ended June 30, 2020 and 2019.

ASC 740, *Income Taxes*, prescribes the recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

The Society recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Society does not have any amounts accrued relating to interest and penalties as of June 30, 2020 and 2019.

Advertising Expense

Advertising costs are charged to operations when incurred. The Society has no significant direct-response advertising. Advertising expense for the years ended June 30, 2020 and 2019 totaled \$8,134 and \$12,757, respectively, and is included in general and administrative expenses in the accompanying statements of activities.

Fair Value Measurement

ASC 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the net asset value (NAV) of shares held by the Society at year-end. All mutual funds held by the Society are traded in active markets to which the Society has access.

Common Stock: Valued using quoted market values in an active market.

Interest in charitable remainder unitrust: Valued using observable inputs other than quoted market prices.

Alternative investments: Valued at the NAV of shares or units held at year-end, as determined by the general partner or fund manager as a practical expedient to estimate fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2020 and 2019.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 11,626,041	\$ -	\$ -	\$ 11,626,041
Common stock	8,555,267	-	-	8,555,267
Interest in charitable remainder unitrust	-	228,066	-	228,066
Total investments, at fair value	\$ 20,181,308	\$ 228,066	-	\$ 20,409,374

The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,646,687	\$ -	\$ -	\$ 3,646,687
Common stock	16,477,416	-	-	16,477,416
Interest in charitable remainder unitrust	-	188,323	-	188,323
Total investments in the fair value hierarchy	20,124,103	188,323	-	20,312,426
Alternative investments (1)	n/a	n/a	n/a	122,637
Total investments, at fair value	\$ 20,124,103	\$ 188,323	\$ -	\$ 20,435,063

(1) In accordance with ASC 820-10, certain investments that were measured at NAV per share (or its equivalent), as a practical expedient, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the statements of financial position.

Cash and cash equivalents are excluded from the fair value hierarchy as cash and cash equivalents are generally measured at cost. As such, cash and cash equivalents of \$1,045,008 and \$1,039,740 held in the Society's investment portfolio at June 30, 2020 and 2019, respectively, have been excluded from this table.

The following table provides additional information about the investments measured at fair value using the NAV as a practical expedient.

	Fair Value as of 6/30/2020	Fair Value as of 6/30/2019	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternative Investments (a)	\$ -	\$ 122,637	\$ -	N/A	N/A

(a) This category includes an investment in a limited partnership that invests in private equity funds. This investments can only be redeemed through the liquidation of the underlying assets of the funds.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous lease guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statements of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated, and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities.

In June 2020, the FASB deferred the effective date of the lease guidance for non-public entities to reporting periods beginning after December 15, 2021. Early adoption is permitted. Management has elected not to early adopt ASU 2016-02 and is evaluating the impact of adopting the new lease standard on the Society's financial statements.

Subsequent Events

Subsequent events have been evaluated through February 25, 2021, which is the date the financial statements were available for issue, and management has determined there were no material events that warrant disclosure, except as disclosed in Note 1.

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30,:

	2020	2019 (as restated)
Unconditional promises to give	\$ 1,384,356	\$ 1,184,490
Less: allowance for uncollectible promises to give	(5,000)	(5,000)
Less: unamortized present value discount	(24,865)	(32,238)
Unconditional promises to give, net	\$ 1,354,491	\$ 1,147,252

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

2. UNCONDITIONAL PROMISES TO GIVE – cont'd.

The Society anticipates collection of unconditional promises to give as follows as of June 30,:

	2020	2019 (as restated)
Less than one year	\$ 410,804	\$ 415,906
One to five years	973,552	768,584
Total unconditional promises to give	\$ 1,384,356	\$ 1,184,490

Unconditional promises to give due in more than one year are recorded at the present value of future cash flows. Management uses the U.S. Treasury Yield Curve rates to discount the unconditional promises to give. The rates used to determine the present value of promises to give ranged from 1.74% to 1.94% as of June 30, 2020 and 2019. As of June 30, 2020, three donors accounted for approximately 43% of unconditional promises to give. As of June 30, 2019, four donors accounted for approximately 60% of unconditional promises to give.

3. INVESTMENTS

Investments, which include the Society's endowment and similar funds, are reported at fair value and consisted of the following as of June 30,:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 1,045,008	\$ 1,045,008	\$ 1,039,740	\$ 1,039,740
Mutual funds	4,304,540	8,555,267	3,644,864	3,646,687
Common stock	11,156,129	11,626,041	11,030,673	16,477,416
Alternative investments	-	-	264,571	122,637
Interest in charitable remainder unitrust	164,057	228,066	164,057	188,323
Total Investments	\$ 16,669,734	\$ 21,454,382	\$ 16,143,905	\$ 21,474,803

Investment income is as follows for the years ended June 30,:

	2020	2019
Realized gains	\$ 1,080,159	\$ 1,189,058
Unrealized losses	(583,196)	(155,655)
Interest and dividends, net of investment management fees	461,625	468,534
Investment income	\$ 958,588	\$ 1,501,937

Investment management fees totaled \$82,691 and \$87,210 for the years ended June 30, 2020 and 2019, respectively, and are included in investment income in the accompanying statements of activities.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

3. INVESTMENTS – cont'd.

The Board of Directors of the Society has interpreted the state of Maryland's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment funds is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- Duration and preservation of the endowment fund.
- Purposes of the Society and the donor-restricted endowment fund.
- General economic conditions.
- Possible effects of inflation and deflation.
- Expected total return from income and the appreciation of investments.
- Other resources of the Society.
- Investment policies of the Society.

The Society's overall financial objectives of the endowment are: (1) to support the current and future operations of the Society and (2) to preserve the purchasing power of the endowment. The Society's spending and investment policies work together to achieve these objectives. The investment policy establishes an achievable return objective through diversification of asset classes. The current investment objective is to attain an average annual total return of at least 6.0% over rolling five-year periods. Actual returns in any given year may vary from this amount.

The current spending policy is to draw a fixed percentage of the average market value of the endowment, calculated over the rolling trailing twelve quarters. The draw is calculated on an annual basis, with the resulting draw amount to be applied over the next twelve months on a quarterly basis. The targeted fixed percentage is 5.50% of the average trailing 12 quarters.

Board designated endowment funds consist of funds without donor restriction which are directed by the Board of Directors as endowment funds to be used to support operations. They are shown as net assets without donor restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to maintain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies as of December 31, 2020 and 2019.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

3. INVESTMENTS – cont'd.

Changes in endowed net assets are as follows for the years ended June 30, 2020:

	Without Donor Restriction	With Donor Restriction	Appropriation to be Held in Perpetuity	Total
Endowment net assets, July 1, 2019	\$ 1,503,590	\$ 3,804,479	\$ 11,531,609	\$ 16,839,678
Investment income	57,136	582,771	-	639,907
Appropriation of endowment assets for expenditure	(81,645)	(820,673)	-	(902,318)
Endowment net assets, June 30, 2020	\$ 1,479,081	\$ 3,566,577	\$ 11,531,609	\$ 16,577,267

Changes in endowed net assets are as follows for the years ended June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Appropriation to be Held in Perpetuity	Total
Endowment net assets, July 1, 2018	\$ 1,479,730	\$ 3,444,521	\$ 11,028,845	\$ 15,953,096
Contribution	-	-	502,764	502,764
Investment income	106,540	1,042,082	-	1,148,622
Appropriation of endowment assets for expenditure	(82,680)	(682,124)	-	(764,804)
Endowment net assets, June 30, 2019	\$ 1,503,590	\$ 3,804,479	\$ 11,531,609	\$ 16,839,678

Composition of endowed net assets by fund type is as follows as of June 30, 2020:

	Without Donor Restriction	With Donor Restriction	Appropriation to be Held in Perpetuity	Total
Donor restricted endowment funds	\$ -	\$ 3,566,577	\$ 11,531,609	\$ 15,098,186
Board designated endowment funds	1,479,081	-	-	1,479,081
	\$ 1,479,081	\$ 3,566,577	\$ 11,531,609	\$ 16,577,267

Composition of endowed net assets by fund type is as follows as of June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Appropriation to be Held in Perpetuity	Total
Donor restricted endowment funds	\$ -	\$ 3,804,479	\$ 11,531,609	\$ 15,336,088
Board designated endowment funds	1,503,590	-	-	1,503,590
	\$ 1,503,590	\$ 3,804,479	\$ 11,531,609	\$ 16,839,678

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30,:

	2020	2019
Land and improvements	\$ 740,833	\$ 740,833
Buildings and improvements	23,097,458	23,073,633
Furniture, fixtures and equipment	1,259,030	1,227,737
	25,097,321	25,042,203
Less: accumulated depreciation	(13,332,466)	(12,748,941)
	11,764,855	12,293,262
Construction in progress	342,505	106,719
Property and equipment, net	\$ 12,107,360	\$ 12,399,981

Depreciation expense totaled \$583,525 and \$593,631 for the years ended June 30, 2020 and 2019, respectively.

5. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of net assets which can be released by satisfying donor stipulations or over the passage of time as well as net assets which can never be released. Net assets which can never be released from restriction are restricted to investments in the Society's endowment. Endowment income derived from permanently restricted net assets will be used to support and enhance operations and programs and fund certain capital projects.

Net assets with donor restrictions consist of the following as of June 30,:

	2020	2019
General Operations	\$ 13,684,828	\$ 13,910,772
Collections, Acquisitions and Care	2,393,929	2,324,011
Education and Programs	795,415	958,898
Capital Campaign	2,185,171	1,528,450
Total Net Assets with Donor Restrictions	\$ 19,059,343	\$ 18,722,131

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

5. NET ASSETS – cont'd.

Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying restricted purposes or occurrence of other events specified by donors. Net assets released from restrictions are as follows for the years ended June 30,:

	2020	2019
Endowed funds	\$ 820,673	\$ 682,124
Non-endowed funds	1,370,749	972,801
Total Released from Restriction	\$ 2,191,422	\$ 1,654,925

6. RETIREMENT PLAN

The Society has a retirement program under provisions of Section 403(b) of the Internal Revenue Code, which covers all full-time employees as defined. For eligible employees, the Society contributes a maximum of 5% of the employee's salary and, on a voluntary basis, the employee may contribute to the plan. Contributions by the Society to the plan were \$44,173 and \$31,814 for the years ended June 30, 2020 and 2019, respectively.

7. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Society leases office equipment under non-cancellable operating leases. Certain leases have lease terms shorter than one year and are not included in the future minimum lease payments in the below schedule. The Society maintains one lease which expires during the year ended June 30, 2023. As of June 30, 2020, the future minimum lease payments under this operating lease are as follows for the years ending June 30,:

2021	\$ 16,320
2022	16,320
2023	4,080
Total future minimum lease payments	\$ 36,720

Total rent expense under these operating leases totaled \$21,820 for the years ended June 30, 2020 and 2019, and is included in general and administrative expenses in the accompanying statements of activities.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

7. COMMITMENTS AND CONTINGENCIES – cont’d.

Conditional Promises to Give to Other Organizations

During the year ended June 30, 2020, the Society received a grant from the state of Maryland in the amount of \$250,000. The Society elected to keep \$50,000 of the proceeds and to donate the remaining \$200,000 to various cultural heritage nonprofit organizations throughout the state of Maryland as part of the competitive Pathways Grant Program. As of June 30, 2020, the Society provided conditional grants totaling \$200,000 to various organizations which contain certain conditions that must be met in order for the recipient organizations to recognize the revenue, and accordingly, the Society will not expense the amounts until the conditions are met by the recipient organizations. As of June 30, 2020, \$133,500 was included in grants to other organizations in the accompanying statement of functional expenses. Management expects the remaining conditions to be satisfied and the remaining \$66,500 of expenses to be recorded within the next fiscal year, at which time the Society will also recognize the remaining \$66,500 in grant revenue. As of June 30, 2020, \$66,500 in unspent funds received are recorded as deferred contributions on the accompanying statement of financial position.

Insurance Claims

During the year ended June 30, 2020, the Society filed a claim with its insurance company to recover lost revenue as a result of the Society being forced to temporarily shut down the museum to the public due to COVID-19 (Note 8). Management estimates that the recovery could range from \$38,640 to \$100,000. The Society recognized a gain and a related receivable of \$38,640 during the year ended June 30, 2020. The full amounts of collection could not be determined, and accordingly only the low end of the range was recognized.

8. CORONAVIRUS AND PAYCHECK PROTECTION PROGRAM LOAN

Coronavirus

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization has declared COVID-19 a “Public Health Emergency of International Concern.” In January 2020, COVID-19 began to spread throughout the United States. Efforts to contain COVID-19 included Federal and state government mandated restrictions which caused numerous non-essential business to close or operate remotely. The Society experienced an immediate impact from COVID-19 causing the Society to close down its museum from March through September 2020. The extent of the impact of COVID-19 on the Society’s revenues and financial performance for the year ending June 30, 2021 and beyond will depend on future developments, including the duration and spread of the outbreak, which is highly uncertain and cannot be predicted. The impact of COVID-19, however, could materially adversely affect the Society’s results of operations.

Paycheck Protection Program Loan

On March 27, 2020, Congress passed a \$2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

8. CORONAVIRUS AND PAYCHECK PROTECTION PROGRAM LOAN – cont’d.

Paycheck Protection Program Loan – cont’d.

On April 20, 2020, the Society obtained a promissory note in the amount of \$396,000 with a bank under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the CARES Act. The loan is eligible for forgiveness pursuant to the terms and conditions of the CARES Act, which minimally requires that (1) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven bears interest at 1.0% and is due in monthly payments over a period of five years. In October 2020, the SBA extended the deferral period for loan repayments to either 1) the date that the SBA remits the Society’s loan forgiveness amount to the lender or (2) if the Society does not apply for loan forgiveness, 10 months after the end of the loan forgiveness covered period.

The Society has elected to account for the forgivable portion of the loan as a conditional grant in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Accordingly, the Society recorded the initial receipt of the loan as a refundable advance and will recognize grant revenue once the conditions are met or explicitly waived. As the Society has maintained the necessary employee and compensation levels for loan forgiveness, and all the funds were spent on eligible expenses during the year ended June 30, 2020, the Society recognized the full amount of \$396,000, which is included as conditional grant revenue on the accompanying 2020 statement of activities.

MARYLAND HISTORICAL SOCIETY, INC.

Notes to the Financial Statements For the Years Ended June 30, 2020 and 2019

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Society's financial assets available within one year for general expenditures are as follows as of June 30,:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 269,620	\$ 60,984
Unconditional promises to give	1,354,491	1,147,252
Grants and other receivables	583,093	46,334
Bequest receivable	-	502,767
Investments	21,454,382	21,474,803
Total Financial Assets	23,661,586	23,232,140
Add: Appropriation from board designated endowment for general expenditure in subsequent year	81,349	81,645
Less: Net assets with donor restrictions	(19,059,343)	(18,722,131)
Less: Board-designated net assets	(1,479,081)	(1,503,590)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,204,511	\$ 3,088,064

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its expenditures, liabilities and other obligations come due. In addition, the Society had \$1,479,081 and \$1,503,950 in board-designated endowment funds as of June 30, 2020 and 2019, respectively, that the Society could use for operations upon approval of the board.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Trustees of
Maryland Historical Society, Inc.:

We have audited the financial statements of Maryland Historical Society, Inc. (a nonprofit organization) (the Society) as of and for the years ended June 30, 2020 and 2019, and issued our report thereon dated February 25, 2021, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SCH Attest Services, P.C.

February 25, 2021

MARYLAND HISTORICAL SOCIETY, INC.

Departmental Unrestricted Operating Expenses
for the Years Ended June 30, 2020 and 2019

2020														
Education and Outreach						Programs				Management and General				Total Departmental Unrestricted Operating Expenses 2020
School and Public Programming	Museum - Gallery Experience	Library	Publications	Total	Collections Care and Management	Public Relations	Building Operations - Program Allocation	Total	Management and General	Building Operations - Management and General Allocation	Total	Fundraising		
Salaries	\$ 405,117	\$ 106,978	\$ 386,125	\$ 69,311	\$ 967,531	\$ 319,436	\$ 69,963	\$ 80,600	\$ 1,437,530	\$ 342,246	\$ 8,333	\$ 350,579	\$ 229,418	\$ 2,017,527
Depreciation	-	-	-	-	-	-	-	528,849	528,849	-	54,676	54,676	-	583,525
Professional fees	13,670	3,886	12,351	54,373	84,280	7,180	39,673	141,478	272,611	71,828	14,627	86,455	117,511	476,577
Employee benefits, payroll taxes, group insurance and pension	84,455	20,573	73,779	15,138	193,945	49,084	8,367	20,431	271,827	50,973	2,112	53,085	41,846	366,758
Additional exhibits	3,796	240,632	36,804	189	281,421	6,310	1,161	-	288,892	-	-	-	-	288,892
Heat, light and water	-	-	-	-	-	-	-	237,094	237,094	-	24,512	24,512	-	261,606
Technology costs	3,989	3,675	11,138	-	18,802	1,707	97,948	14,077	132,534	53,445	1,455	54,900	17,296	204,730
Repairs and maintenance	-	427	375	-	802	231	-	160,008	161,041	23,136	16,543	39,679	1,552	202,272
Events	23,996	3,595	146	264	28,001	1,120	-	37	29,158	10,564	4	10,568	121,863	161,589
Grants to other organizaions	133,500	-	-	-	133,500	-	-	-	133,500	-	-	-	-	133,500
Printing costs and costs of goods sold	6,727	37,377	593	22,547	67,244	353	14,309	14	81,920	393	1	394	27,608	109,922
Insurance	3,289	17,818	8,117	-	29,224	46,160	-	-	75,384	-	-	-	-	75,384
Miscellaneous	8,028	622	1,496	584	10,730	813	87	1,951	13,581	33,139	202	33,341	1,226	48,148
Office supplies and postage	8,274	1,095	227	2,279	11,875	233	5,369	72	17,549	12,220	7	12,227	7,360	37,136
Advertising and public relations	-	-	-	-	-	-	-	-	-	8,134	-	8,134	-	8,134
Total Unrestricted Operating Expenses	\$ 694,841	\$ 436,678	\$ 531,151	\$ 164,685	\$ 1,827,355	\$ 432,627	\$ 236,877	\$ 1,184,611	\$ 3,681,470	\$ 606,078	\$ 122,472	\$ 728,550	\$ 565,680	\$ 4,975,700

2019														
Education and Outreach						Programs				Management and General				Total Departmental Unrestricted Operating Expenses 2019
	School and Public Programming	Museum - Gallery Experience	Library	Publications	Total	Collections Care and Management	Public Relations	Building Operations - Program Allocation	Total	Management and General	Building Operations - Management and General Allocation	Total	Fundraising	
Salaries	\$ 323,568	\$ 105,924	\$ 225,747	\$ 59,308	\$ 714,547	\$ 302,075	63,357	\$ 75,029	\$ 1,155,008	\$ 319,614	\$ 7,757	\$ 327,371	\$ 245,708	\$ 1,728,087
Depreciation	-	-	-	-	-	-	-	538,008	538,008	-	55,623	55,623	-	593,631
Professional fees	13,579	18,188	8,665	72,965	113,397	21,913	32,475	5,515	173,300	61,433	570	62,003	161,663	396,966
Employee benefits, payroll taxes, group insurance and pension	57,798	19,385	32,317	8,043	117,543	40,964	7,140	18,082	183,729	66,421	1,869	68,290	50,656	302,675
Heat, light and water	-	-	-	-	-	-	-	259,413	259,413	-	26,820	26,820	-	286,233
Additional exhibits	-	206,708	1,764	994	209,466	11,639	-	-	221,105	1,160	-	1,160	-	222,265
Technology costs	3,247	2,674	13,445	549	19,915	1,131	92,234	13,429	126,709	55,500	1,389	56,889	18,136	201,734
Repairs and maintenance	115	3,120	2,587	-	5,822	301	-	171,959	178,082	2,121	17,778	19,899	-	197,981
Printing costs and costs of goods sold	8,662	42,374	826	25,675	77,537	201	30,788	-	108,526	1,760	-	1,760	35,617	145,903
Insurance	3,352	17,811	9,272	-	30,435	45,522	-	-	75,957	-	-	-	-	75,957
Miscellaneous	10,298	2,022	630	502	13,452	1,115	38	2,700	17,305	31,552	279	31,831	1,550	50,686
Office supplies and postage	5,729	1,705	1,413	2,225	11,072	2,453	3,245	139	16,909	16,165	14	16,179	7,438	40,526
Events	25,506	398	695	164	26,763	307	189	-	27,259	4,056	-	4,056	1,350	32,665
Advertising and public relations	-	-	-	-	-	-	-	-	-	12,757	-	12,757	-	12,757
Total Unrestricted Operating Expenses	\$ 451,854	\$ 420,309	\$ 297,361	\$ 170,425	\$ 1,339,949	\$ 427,621	229,466	1,084,274	\$ 3,081,310	\$ 572,539	\$ 112,099	\$ 684,638	\$ 522,118	\$ 4,288,066

See Independent Auditors' Report on Supplementary Information