

**THE CONNECTICUT HISTORICAL SOCIETY**

**FINANCIAL STATEMENTS  
AND  
REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**THE CONNECTICUT HISTORICAL SOCIETY  
TABLE OF CONTENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

	<u>Page</u>
<b>Independent Auditor's Report</b>	<i>i</i>
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
<b>Report on Other Legal and Regulatory Requirements</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	<i>ii</i>
<b>Connecticut State Single Audit</b>	
Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	<i>iii</i>
Schedule of Expenditures of State Financial Assistance	25
Notes to the Schedule of Expenditures of State Financial Assistance	26
State Financial Assistance Programs, Schedule of Findings and Questioned Costs	27



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

*Independent Auditor's Report*

Board of Trustees  
The Connecticut Historical Society

We have audited the accompanying financial statements of The Connecticut Historical Society, which comprise the statement of financial position as of December 31, 2020 and 2019, and 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.

**Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 entity'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 The Connecticut Historical Society as of December 31, 2020 and 2019, 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.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis and are 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 audit 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021 on our consideration of The Connecticut Historical Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Connecticut Historical Society's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
May 10, 2021

**THE CONNECTICUT HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019**

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 923,576	\$ 553,706
Investments	592,472	571,462
Contributions Receivable	100,713	339,724
Due from Funding Sources	374,227	174,114
Other Receivables	3,532	555
Inventory	47,615	48,543
Prepaid Expenses	56,222	49,427
Total Current Assets	2,098,357	1,737,531
Noncurrent Assets		
Investments	42,111,813	38,069,932
Property and Equipment, Net	3,767,628	3,668,529
Long-Term Contributions Receivable, Net	148,897	191,827
Split-Interest Agreements	16,121,453	14,668,874
Museum Collections (Note 1)	-	-
Total Noncurrent Assets	62,149,791	56,599,162
Total Assets	\$ 64,248,148	\$ 58,336,693
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 56,568	\$ 84,071
Accrued Payroll	62,662	43,771
Due to Funding Sources	-	21,250
Notes Payable – Current Portion	50,000	50,000
Total Current Liabilities	169,230	199,092
Noncurrent Liabilities		
Notes Payable	286,889	200,000
Total Liabilities	456,119	399,092
Net Assets		
Without Donor Restrictions	23,286,416	21,216,683
With Donor Restrictions	40,505,613	36,720,918
Total Net Assets	63,792,029	57,937,601
Total Liabilities and Net Assets	\$ 64,248,148	\$ 58,336,693

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

**THE CONNECTICUT HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
<b>Operating Revenues and Support</b>						
Contributions, Including Promises to Give	\$ 242,980	\$ 206,331	\$ 449,311	\$ 213,015	\$ 101,681	\$ 314,696
Grants from Government Sources	464,355	-	464,355	83,014	-	83,014
Programs and Service Fees	68,038	-	68,038	176,500	-	176,500
Memberships	61,070	-	61,070	58,904	-	58,904
Publication, Book, and Museum Shop Sales	4,814	-	4,814	13,524	-	13,524
Admissions	6,362	-	6,362	18,320	-	18,320
Distributions from Perpetual Trusts	636,227	-	636,227	589,244	-	589,244
Endowment Investment Return for Operations	756,182	915,508	1,671,690	749,249	901,001	1,650,250
Other Investment Return for Operations	22,756	-	22,756	22,651	-	22,651
Net Assets Released from Restrictions	1,238,365	(1,238,365)	-	1,117,119	(1,117,119)	-
Total Operating Revenues and Support	3,501,149	(116,526)	3,384,623	3,041,540	(114,437)	2,927,103
<b>Operating Expenses</b>						
<b>Program Services</b>						
Collections Development	830,916	-	830,916	604,778	-	604,778
Exhibits and Programs	478,182	-	478,182	646,603	-	646,603
Education	457,102	-	457,102	459,162	-	459,162
Collections Access/Research Center	156,298	-	156,298	97,173	-	97,173
Development	660,570	-	660,570	547,046	-	547,046
Administration	614,755	-	614,755	527,648	-	527,648
Total Operating Expenses	3,197,823	-	3,197,823	2,882,410	-	2,882,410
<b>Results of Operations</b>	<b>303,326</b>	<b>(116,526)</b>	<b>186,800</b>	<b>159,130</b>	<b>(114,437)</b>	<b>44,693</b>

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

**THE CONNECTICUT HISTORICAL SOCIETY  
STATEMENT OF ACTIVITIES (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Non-operating Revenues/(Expenses)						
Endowment Contributions	\$ 31,150	\$ 345,000	\$ 376,150	\$ 25,000	\$ 325,000	\$ 350,000
Grants and Contributions for Capital Assets	296,282	-	296,282	110,787	-	110,787
Endowment Investment Return in Excess of Spending Policy	1,612,090	2,103,642	3,715,732	2,244,855	2,733,566	4,978,421
Other Investment Return in Excess of Distributions	21,010	-	21,010	54,654	-	54,654
Change in Value of Split-Interest Agreements	-	1,452,579	1,452,579	-	1,995,873	1,995,873
Depreciation Expense	(179,422)	-	(179,422)	(200,613)	-	(200,613)
Total Non-Operating Revenues/(Expenses)	<u>1,781,110</u>	<u>3,901,221</u>	<u>5,682,331</u>	<u>2,234,683</u>	<u>5,054,439</u>	<u>7,289,122</u>
Change in Net Assets Before Collections	2,084,436	3,784,695	5,869,131	2,393,813	4,940,002	7,333,815
Change in Net Assets Related to Collections						
Proceeds from Sale of Collections Items	-	-	-	2,748	-	2,748
Collections Items Purchased	(14,703)	-	(14,703)	(27,915)	-	(27,915)
Total Change in Net Assets Related to Collections	<u>(14,703)</u>	<u>-</u>	<u>(14,703)</u>	<u>(25,167)</u>	<u>-</u>	<u>(25,167)</u>
Change in Net Assets	2,069,733	3,784,695	5,854,428	2,368,646	4,940,002	7,308,648
Net Assets, Beginning of Year	21,216,683	36,720,918	57,937,601	18,848,037	31,780,916	50,628,953
Net Assets, End of Year	<u>\$ 23,286,416</u>	<u>\$ 40,505,613</u>	<u>\$ 63,792,029</u>	<u>\$ 21,216,683</u>	<u>\$ 36,720,918</u>	<u>\$ 57,937,601</u>

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

**THE CONNECTICUT HISTORICAL SOCIETY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Supporting Services			2020 Total	Supporting Services			2019 Expenses
	Programs	Administrative & General	Development		Programs	Administrative & General	Development	
Expenses								
Personnel Costs	\$ 1,206,117	\$ 259,814	\$ 514,119	\$ 1,980,050	\$ 1,099,417	\$ 221,333	\$ 410,145	\$ 1,730,895
Professional Fees	-	32,020	-	32,020	-	25,144	-	25,144
Advertising and Promotion	12,132	1,080	30,328	43,540	11,686	2,074	25,030	38,790
Office Expenses	62,158	60,009	41,786	163,953	66,699	39,178	36,865	142,742
Information Technology	2,333	-	-	2,333	2,257	-	-	2,257
Occupancy	241,485	5,884	2,567	249,936	230,248	5,695	2,484	238,427
Travel	2,879	624	-	3,503	22,893	4,852	185	27,930
Public Officials Travel	-	-	-	-	23	-	-	23
Conferences and Meetings	9,429	2,941	39	12,409	13,623	4,258	901	18,782
Interest	-	4,113	-	4,113	-	10,319	-	10,319
Other Insurance	785	6,385	9	7,179	403	6,289	4	6,696
Consultants and Contract Svcs	323,474	185,389	63,894	572,757	267,325	149,795	66,668	483,788
Program Supplies	10,102	1,062	-	11,164	7,664	1,066	2	8,732
Conservation Services	263	-	-	263	12,379	-	-	12,379
Professional Development	431	-	486	917	2,063	-	289	2,352
Equipment Rental	16,011	2,311	419	18,741	18,006	1,712	340	20,058
Equipment	280	-	-	280	4,828	-	-	4,828
Exhibit Fabrication	17,878	-	-	17,878	22,575	76	33	22,684
Subscriptions and Dues	11,208	52,628	6,923	70,759	10,330	52,748	4,100	67,178
Cost of Goods Sold	1,864	-	-	1,864	4,077	-	-	4,077
Miscellaneous	3,670	495	-	4,165	11,216	3,111	2	14,329
Depreciation Expense	173,180	4,345	1,896	179,421	193,636	4,858	2,119	200,613
Collection Acquisitions	14,703	-	-	14,703	27,915	-	-	27,915
Total Expenses	<u>\$ 2,110,382</u>	<u>\$ 619,100</u>	<u>\$ 662,466</u>	<u>\$ 3,391,948</u>	<u>\$ 2,029,263</u>	<u>\$ 532,508</u>	<u>\$ 549,167</u>	<u>\$ 3,110,938</u>

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



**THE CONNECTICUT HISTORICAL SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Cash Flow s From Operating Activities		
Change in Net Assets	\$ 5,854,428	\$ 7,308,648
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in)/Provided by Operating Activities		
Depreciation Expense	179,422	200,613
Net Realized and Unrealized Investment (Appreciation)/Depreciation	(4,439,726)	(5,508,142)
Change in Value of Split-Interest Agreements	(1,452,579)	(1,995,873)
Endow ment Contributions	(376,150)	(350,000)
Grants and Contributions for Capital Additions	(296,282)	(110,787)
Net Purchases/(Sales) of Collections Items	14,703	25,167
(Increase)/Decrease in Operating Assets		
Contributions Receivable	239,011	28,211
Due from Funding Sources	(200,113)	(94,084)
Other Receivables	(2,977)	2,282
Inventory	928	(1,057)
Prepaid Expenses	(6,795)	4,180
Long-Term Contributions Receivable, Net	(7,070)	(9,602)
Net Cash (Used in)/Provided by Operating Assets	22,984	(70,070)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(27,503)	40,935
Accrued Payroll	18,891	4,815
Due to Funding Sources	(21,250)	21,250
Net Cash (Used in)/Provided by Operating Liabilities	(29,862)	67,000
Net Cash (Used in)/Provided by Operating Activities	(523,062)	(433,444)
Cash Flow s From Investing Activities		
Purchase of Investments	(6,728,777)	(4,482,517)
Proceeds from Sales of Investments	7,105,612	4,557,584
Grants and Contributions for Capital Additions	296,282	110,787
Purchase of Property and Equipment	(278,521)	(116,166)
Purchase of Collections Items	(14,703)	(27,915)
Proceeds from Sales of Collections Items	-	2,748
Net Cash (Used in)/Provided by Investing Activities	379,893	44,521
Cash Flow s From Financing Activities		
Endow ment Contributions	376,150	350,000
Long-Term Contributions for Payment of Debt	50,000	50,000
Proceeds from Borrow ings	136,889	-
Repayment of Borrow ings	(50,000)	(50,000)
Net Cash (Used in)/Provided by Financing Activities	513,039	350,000
Net Increase/(Decrease) in Cash and Cash Equivalents	369,870	(38,923)
Cash and Cash Equivalents, Beginning of Year	553,706	592,629
Cash and Cash Equivalents, End of Year	\$ 923,576	\$ 553,706
Supplemental Information		
Cash Paid for Interest	\$ 4,113	\$ 10,319
Cash Paid for Income Taxes	\$ -	\$ -

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

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 1 – Summary of Significant Accounting Policies**

The summary of significant accounting policies of The Connecticut Historical Society (the CHS) is presented to assist in understanding the CHS's financial statements. The financial statements and notes are representations of the CHS's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Activities**

The CHS is a private, not-for-profit museum, library, and education center that encourages public appreciation of the history of Connecticut and its diverse people. Established in Hartford, Connecticut by Connecticut's General Assembly in 1825, the CHS is the seventh oldest historical society in the nation and houses one of the most distinguished museum and library collections in New England. The mission of the CHS is to cultivate deep understanding of the history and culture of Connecticut, and its role in America and the world, through reflection of the past, active engagement with the present, and innovation for the future through our collections, research, educational programs, and exhibitions. The CHS's vision is to work with an inclusive audience to promote historical and cultural perspectives as essential tools to connect with others, shape communities, and make informed decisions. The CHS's major activities include:

Collections Development – Manages the diverse collection of materials (books, manuscripts, graphics, furniture, costumes, and many other objects) related to Connecticut's material culture from the late 17<sup>th</sup> century to the present.

Exhibits and Programs – Develops and displays themed exhibitions and public programs related to various aspects of Connecticut history.

Education – Promotes the study and enjoyment of Connecticut history through school group and adult programs, tours, and outreach activities.

Collections Access/Research Center – Manages access to the collections by researchers, genealogists, academic scholars, and the general public.

**Basis of Accounting and Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the net assets of the CHS 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-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues, including promises to give, are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Cont'd)**

**Measure of Operations**

The CHS includes in its measure of operations (excess of operating revenue and support over expenses) all support and revenues that are an integral part of its programs and supporting activities. The measure of operations includes the investment return equal to the CHS's spending policy and excludes investment returns in excess of the spending policy, permanently restricted contributions, and contributions for capital additions and related expenses, such as depreciation and interest.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building occupancy, maintenance, and depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Tax Structure**

The CHS is a nonprofit corporation exempt from federal income tax under provisions of the Internal Revenue Service Code, Section 501(c)(3).

The CHS regularly reviews and evaluates its tax positions taken or expected to be taken for a tax return and believes that no tax benefits or liabilities are required to be recognized.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates. Significant estimates include depreciation expense, contributions receivable discounts, alternative investments valuations and the present value of future cash flows from perpetual trusts.

**Cash and Cash Equivalents**

Cash equivalents represent money market funds or short-term investments with original maturities of three months or less, except for those short-term investments managed by the CHS's investment managers as part of their long-term investment strategies and those restricted for capital assets.

The CHS maintains cash accounts with banking institutions insured by the FDIC; account balances may exceed FDIC insurance limits. The CHS has not experienced any losses in such accounts and management believes the CHS is not exposed to significant risk.

**Inventory**

Inventory, which consists primarily of merchandise held for resale, is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Inventories were comprised of the following as of December 31, 2020 and 2019:

	2020	2019
Books and Publications	\$ 30,054	\$ 30,301
Gift Shop Items	17,561	18,242
	<u>\$ 47,615</u>	<u>\$ 48,543</u>

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Cont'd)**

**Investments**

Investments are reported at fair value. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the CHS's gains and losses on investments bought and sold as well held during the year. Realized and unrealized gains and losses and other investment income are reflected in the accompanying statements of activities. These amounts are reported in the statements of activities as increases or decreases in unrestricted, temporarily restricted or permanently restricted net assets as appropriate based on any donor stipulations or law.

**Property and Equipment**

The CHS follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. The fair value of donated property and equipment is similarly capitalized. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and Improvements	10 to 50 years
Equipment	5 to 10 years

**Collections**

The collections, which were acquired through purchases and contributions since the organization's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The CHS's collections consist of artifacts of historical significance, works of arts, or similar assets related to Connecticut history. These collections are held for public exhibition, educational, research, historical, and curatorial purposes. Each of these items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Deaccessioned items are subject to a policy that requires proceeds from their sales to be used for collections acquisition and collections care. During 2020 and 2019 collection items with a fair value of \$-0- and \$2,748 respectively were deaccessioned. Collection items purchased for 2020 and 2019 totaled \$14,703 and \$27,915 respectively.

**Beneficial Interest in Perpetual Trusts**

The CHS retains a beneficial interest in various perpetual trusts created by donors and held by unrelated trustees. The CHS receives investment income from the trusts in perpetuity, but does not have access to the assets of the trusts. The beneficial interests are carried at the present value of estimated future receipts from the trusts, which is measured by the fair market value of the assets in the trusts. The beneficial interest and changes therein are recognized as permanently restricted net assets.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Cont'd)**

**Contributions**

The CHS recognizes promises to give as contributions when such promises are received and terms are confirmed by the museum. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

**Governmental Grants**

Governmental grants and contracts are generally considered to be conditional contributions. Conditions are met as expenses are incurred in accordance with the terms of the grant. Therefore, revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue. Receivables are established to the extent that grant funded costs have been incurred but not yet not reimbursed by the grantor.

**Contributed Services**

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased otherwise. General volunteer services do not meet these criteria and are not recognized in the financial statements. However, many volunteers have donated significant amounts of time in supporting the CHS's mission and fundraising campaigns.

For the years ended December 31, 2020 and 2019, the fair value of contributed services was \$23,147 and \$15,144, respectively. The revenue is recorded in the statement of activities as contribution income and the related expenses are recorded in the appropriate expense category. Contributed services supported development and general operating activities.

**Advertising**

The CHS expenses the costs of advertising at the time the advertising takes place.

**New Accounting Pronouncement ASU 2018-08**

ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The main provisions include that a resource provider (including a foundation, a government agency, or other) is not synonymous with the general public. A benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. Execution of a resource provider's mission or the positive sentiment from acting as a donor does not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange. The ASU has been applied on a modified prospective basis for the year ended December 31, 2020 and does not have a material impact on the years presented.

**Date of Management's Review and Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or available to be issued. Subsequent events have been evaluated by management through May 10, 2021, the date which the financial statements were available to be issued.

In March 2020 COVID-19 was declared a global pandemic. It is currently affecting business continuity, including supply chains and consumer demand across a broad range of industries and countries. The pandemic has already severely impacted the global economy and will continue to, likely for months to come, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, and an estimate of the related future financial impact can't be made at this time.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 2 – Availability and Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

Cash and Cash Equivalents	\$ 923,576
Investments	592,472
Contributions Receivable	100,713
Due from Funding Sources	374,227
Other Receivables	3,532
Estimated Distributions From Perpetual Trusts	499,286
Endowment Spending Rate Distributions	1,000,684
Total Financial Assets Available Within One Year	<u>3,494,490</u>
Less Amounts Unavailable Due To Donor Restrictions	<u>(774,521)</u>
Financial Assets Available For General Expenditure	<u>\$ 2,719,969</u>

The CHS's endowment funds consist of donor-restricted endowments and funds designated by the Board of Trustees as endowments (board-designated). Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. The amounts drawn from donor-restricted endowments for general use, in accordance with the CHS's endowment spending policy (Note 6), for the year ended December 31, 2020 was \$437,976. A similar draw is expected for the ensuing year. The remaining donor-restricted endowment funds are not available for general expenditure.

The CHS's board-designated endowment of \$18,701,071 as of December 31, 2020 is also subject to the CHS's endowment spending policy. The board-designated endowment includes funds pledged as collateral of \$3,753,798 as of December 31, 2020, which are not available for general expenditure. The amounts drawn from the board-designated endowment for general use for the year ended December 31, 2020 was \$559,851. A similar draw is expected for the ensuing year. Although the CHS does not intend to spend from this board-designated endowment in excess of the amounts appropriated for expenditure as part of the Board's annual budget approval and appropriation, the entire board-designated endowment, less the pledged collateral, could be made available for general expenditure if necessary.

The CHS is also a beneficiary of four perpetual trusts (split-interest agreements) as described in Note 8. The CHS does not have access to the underlying investments in the trusts, which are donor-restricted and are not available for general expenditure. The CHS receives distributions from these trusts that are available for general expenditure. The distributions for the year ended December 31, 2020 were \$636,227. Similar distributions are expected to be received in the ensuing year.

As part of the CHS's liquidity management plan, cash in excess of amounts required to be readily available, as determined by management from time to time, is invested in a short-term investment account. The Board may also designate a portion of any operating surplus to the board-designated endowment.

**Note 3 – Contributions Receivable**

The present value discounts on unconditional promises to give receivable in future periods are estimated using interest rates paid on U.S. Treasury obligations with maturities equivalent to the years in which the payments are to be received. Such interest rates were established in the fiscal year that the contribution was recognized and are subsequently adjusted after management's review. The rate to discount contributions to present value was 0.37% for 2020 and 1.69% for 2019. Contributions receivable, including unconditional promises to give, as of December 31, 2020 and 2019, were as follows:

	2020	2019
Receivable in Less than One Year	\$ 100,713	\$ 339,724
Receivable in One to Five Years	150,000	200,000
Receivable in More than Five Years	-	-
Total Contributions Receivable	<u>250,713</u>	<u>539,724</u>
Less Discounts to Net Present Value	<u>(1,103)</u>	<u>(8,173)</u>
Net Contributions Receivable	<u>\$ 249,610</u>	<u>\$ 531,551</u>

**THE CONNECTICUT HISTORICAL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 4 – Investments**

Investments at fair value as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Cash and Cash Equivalents	\$ 148,192	\$ 751,281
Certificates of Deposit	333,258	482,200
Equities	29,208,432	23,781,089
Equity Mutual Funds	3,652,691	3,269,971
Fixed Income Mutual Funds	603,587	588,928
Corporate Bonds	5,002,758	5,874,035
Municipal Bonds	2,584,292	2,710,925
Real Estate (REITs)	1,171,075	1,182,965
	<u>\$ 42,704,285</u>	<u>\$ 38,641,394</u>

The components of total investment return for the year ended December 31, 2020 and their classification in the statement of activities is as follows:

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Interest and Dividends	\$ 506,708	\$ 624,582	\$ 1,131,290
Capital Gains Distributions	7,495	-	7,495
Distributions from Perpetual Trusts	636,227	-	636,227
Realized Gains/(Losses)	(368,555)	(469,846)	(838,401)
Net Unrealized Gains/(Losses)	2,331,152	2,946,975	5,278,127
Investment Fees	(64,762)	(82,561)	(147,323)
Total Return on Investments	<u>\$ 3,048,265</u>	<u>\$ 3,019,150</u>	<u>\$ 6,067,415</u>
Classification			
Operating Investment Return	\$ 1,415,165	\$ 915,508	\$ 2,330,673
Non-Operating Investment Return	1,633,100	2,103,642	3,736,742
Total Return on Investments	<u>\$ 3,048,265</u>	<u>\$ 3,019,150</u>	<u>\$ 6,067,415</u>

The components of total investment return for the year ended December 31, 2019 and their classification in the statement of activities is as follows:

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Interest and Dividends	\$ 602,848	\$ 710,897	\$ 1,313,745
Capital Gains Distributions	4,466	216	4,682
Distributions from Perpetual Trusts	589,244	-	589,244
Realized Gains/(Losses)	(195,386)	(237,181)	(432,567)
Net Unrealized Gains/(Losses)	2,722,980	3,237,718	5,960,698
Investment Fees	(63,499)	(77,083)	(140,582)
Total Return on Investments	<u>\$ 3,660,653</u>	<u>\$ 3,634,567</u>	<u>\$ 7,295,220</u>
Classification			
Operating Investment Return	\$ 1,361,144	\$ 901,001	\$ 2,262,145
Non-Operating Investment Return	2,299,509	2,733,566	5,033,075
Total Return on Investments	<u>\$ 3,660,653</u>	<u>\$ 3,634,567</u>	<u>\$ 7,295,220</u>

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 5 – Fair Value of Financial Instruments**

Generally accepted accounting principles establish 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the CHS has the ability to access.

**Level 2** - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and 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.

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

The asset's fair value measurement level within the fair value hierarchy is based on 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. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

In general, management relies on the third-party investment managers to provide valuations on a monthly basis. Management verifies these valuations in a number of ways including, but not limited to, assessing the valuation methodologies used by each manager and reviewing the footnotes related to valuation in audited financial statements. The following is a description of the valuation methodologies used for assets measured at fair value:

**Cash Equivalents and CDs** – Cash equivalents are money market funds that are valued as cash due to their short-term nature. Certificates of deposit obligations are valued based on information provided by the third-party investment fund managers.

**Equity Mutual Funds and Equities** – Equity based mutual funds are valued at the daily published net asset value per share and common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

**Fixed Income Funds and Bonds** – Mutual funds, including fixed income and high yield mutual funds, are valued at the daily published net asset value per share. Corporate bonds and municipal bonds are valued based on information provided by the third-party investment fund managers.

**Real Estate (REITs)** – REITs are publicly traded and are valued at the closing price reported in the active market in which the individual securities are traded.

**Split-Interest Agreements (*Perpetual Trusts*)** – Fair value is based on the estimated present value of future payments to the CHS, which is considered to be the CHS's beneficial interest percentage in the underlying assets held in trust, as reported by the trustee.

There have been no changes in the methodologies used at December 31, 2020 and 2019.



**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 5 – Fair Value of Financial Instruments (Cont'd)**

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 CHS 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 financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the fair value measurements of financial instruments by class that are measured at fair value on a recurring basis as of December 31, 2020 and 2019:

Description	December 31, 2020	Fair Value Measurements Using			Assets Valued at NAV (a)
		Level 1	Level 2	Level 3	
Cash and Cash Equivalents	\$ 148,192	\$ 148,192	\$ -	\$ -	\$ -
Certificates of Deposit	333,258	-	333,258	-	-
Equities	29,208,432	29,208,432	-	-	-
Equity Mutual Funds	3,652,691	3,652,691	-	-	-
Fixed Income Mutual Funds	603,587	603,587	-	-	-
Corporate Bonds	5,002,758	5,002,758	-	-	-
Municipal Bonds	2,584,292	-	2,584,292	-	-
Real Estate (REITs)	1,171,075	1,171,075	-	-	-
Total Investments	42,704,285	39,786,735	2,917,550	-	-
Split-Interest Agreements	16,121,453	-	-	16,121,453	-
Total	\$ 58,825,738	\$ 39,786,735	\$ 2,917,550	\$ 16,121,453	\$ -

Description	December 31, 2019	Fair Value Measurements Using			Assets Valued at NAV (a)
		Level 1	Level 2	Level 3	
Cash and Cash Equivalents	\$ 751,281	\$ 751,281	\$ -	\$ -	\$ -
Certificates of Deposit	482,200	-	482,200	-	-
Equities	23,781,089	23,781,089	-	-	-
Equity Mutual Funds	3,269,971	3,269,971	-	-	-
Fixed Income Mutual Funds	588,928	588,928	-	-	-
Corporate Bonds	5,874,035	5,874,035	-	-	-
Municipal Bonds	2,710,925	-	2,710,925	-	-
Real Estate (REITs)	1,182,965	1,182,965	-	-	-
Total Investments	38,641,394	35,448,269	3,193,125	-	-
Split-Interest Agreements	14,668,874	-	-	14,668,874	-
Total	\$ 53,310,268	\$ 35,448,269	\$ 3,193,125	\$ 14,668,874	\$ -

(a) Investments that are measured at fair value using the net asset value 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 amounts presented in the statement of financial position.

During the years ended December 31, 2020 and 2019 there were no significant transfers in or out of Level 1 or Level 2.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 5 – Fair Value of Financial Instruments (Cont'd)**

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2020 and 2019:

	2020	2019
	Split-Interest	Split-Interest
	Agreements	Agreements
Balance, Beginning of Year	<u>\$ 14,668,874</u>	<u>\$ 12,673,001</u>
Total Gain/(Loss) Included in the Change in Net Assets, Recognized as Change in Value of Split-interest Agreements	1,452,579	1,995,873
Additions/Purchases	-	-
Withdrawals/Sales	-	-
Balance, End of Year	<u>\$ 16,121,453</u>	<u>\$ 14,668,874</u>

The CHS does not develop quantitative unobservable inputs when measuring fair value; instead the CHS relies upon valuations provided by third-party investment fund managers.

**Note 6 – Endowment Fund**

The CHS's endowment consists of more than 100 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Board of Trustees of the CHS has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTPMIFA) 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 CHS classifies the following as permanent endowment net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the CHS in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the CHS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 6 – Endowment Fund (Cont'd)**

Endowment net asset composition by type of fund is as follows as of December 31, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Donor-Restricted Endowment Funds	\$ -	\$ 23,460,742	\$ 23,460,742
Board-Designated Endowment Funds	18,701,071	-	18,701,071
	<u>\$ 18,701,071</u>	<u>\$ 23,460,742</u>	<u>\$ 42,161,813</u>

  

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Donor-Restricted Endowment Funds	\$ -	\$ 21,012,100	\$ 21,012,100
Board-Designated Endowment Funds	17,057,832	-	17,057,832
	<u>\$ 17,057,832</u>	<u>\$ 21,012,100</u>	<u>\$ 38,069,932</u>

Changes in endowment net assets for the years ended December 31, 2019 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, January 1, 2019	\$ 14,787,977	\$ 17,953,534	\$ 32,741,511
Contributions and Board Designations	25,000	325,000	350,000
Investment Return			
Investment Income	585,804	711,113	1,296,917
Net Appreciation/(Depreciation)	2,408,299	2,923,454	5,331,753
Total Investment Return	2,994,103	3,634,567	6,628,670
Amounts Appropriated for Expenditure	(749,248)	(901,001)	(1,650,249)
Endowment Net Assets, December 31, 2019	<u>\$ 17,057,832</u>	<u>\$ 21,012,100</u>	<u>\$ 38,069,932</u>

  

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, January 1, 2020	\$ 17,057,832	\$ 21,012,100	\$ 38,069,932
Contributions and Board Designations	31,150	345,000	376,150
Investment Return			
Investment Income	483,538	630,977	1,114,515
Net Appreciation/(Depreciation)	1,884,733	2,388,173	4,272,906
Total Investment Return	2,368,271	3,019,150	5,387,421
Amounts Appropriated for Expenditure	(756,182)	(915,508)	(1,671,690)
Endowment Net Assets, December 31, 2020	<u>\$ 18,701,071</u>	<u>\$ 23,460,742</u>	<u>\$ 42,161,813</u>

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 6 – Endowment Fund (Cont'd)**

**Funds with Deficiencies** - 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 CTPMIFA requires the CHS to retain as a fund of perpetual duration (underwater endowments). Management has interpreted CTPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. At December 31, 2020, no funds were underwater. At December 31, 2019, underwater funds with original gift values of \$447,769, fair values of \$431,449, and deficiencies of \$16,320 were reported in net assets with donor restrictions.

**Return Objectives and Risk Parameters** - The CHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The CHS expects its endowment funds, over time, to provide an average rate of return of approximately 3% plus the rate of inflation over 5-10 years. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the CHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The CHS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The CHS has a policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the prior 20 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned (4.9% for the years ended December 31, 2020 and 2019, respectively). In establishing this policy, the CHS considered the long-term expected return on its endowment. Accordingly, over the long-term, annual spending should not exceed the total annual return of the portfolio minus inflation. This is consistent with the CHS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Note 7 – Property and Equipment**

The following is a detailed list of property and equipment, cost, depreciation, and accumulated depreciation for the years ended December 31, 2020 and 2019:

	2020	2019
Land	\$ 20,000	\$ 20,000
Land Improvements	164,536	164,536
Building and Improvements	6,785,527	6,713,183
Equipment	1,212,756	1,236,306
Assets in Progress	247,366	61,514
	<u>8,430,185</u>	<u>8,195,539</u>
Less Accumulated Depreciation	(4,662,557)	(4,527,010)
Property and Equipment, Net	<u>\$ 3,767,628</u>	<u>\$ 3,668,529</u>

Assets in progress are costs associated with renovations for a distance learning studio and other miscellaneous projects.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 8 – Split-interest Agreements**

**Perpetual Trusts** - Income earned on trust assets is distributed to the CHS to be used for general operations and is reported as revenue without donor restrictions. The fair value at December 31, 2020 and 2019 of these beneficial interests were as follows:

Donor/Trust	Beneficial Interest	2020		2019	
		Trust Fair Value	CHS Fair Value	Trust Fair Value	CHS Fair Value
Frederick S. Bliss	23.00%	\$ 11,961,205	\$ 2,751,077	\$ 10,622,123	\$ 2,443,088
Edwin H. Bingham	6.67%	3,996,649	266,444	3,603,953	240,264
Charles Woodward	8.00%	140,576,323	11,246,106	128,749,334	10,299,947
Grace E. Bliss	24.24%	7,663,542	1,857,826	6,953,005	1,685,575
		<u>\$ 164,197,719</u>	<u>\$ 16,121,453</u>	<u>\$ 149,928,415</u>	<u>\$ 14,668,874</u>

For the years ended December 31, 2020 and 2019, trust distributions were as follows:

Donor/Trust	Beneficial Interest	2020		2019	
		Total Trust Distribution	CHS Portion	Total Trust Distribution	CHS Portion
Frederick S. Bliss	23.00%	\$ 286,829	\$ 65,971	\$ 448,678	\$ 103,196
Edwin H. Bingham	6.67%	166,378	11,092	133,336	8,889
Charles Woodward	8.00%	6,333,203	506,655	5,264,909	421,193
Grace E. Bliss	24.24%	216,600	52,509	230,861	55,966
		<u>\$ 7,003,010</u>	<u>\$ 636,227</u>	<u>\$ 6,077,784</u>	<u>\$ 589,244</u>

**Note 9 – Loan Payable**

The CHS has a \$2,000,000 line of credit with monthly interest-only payments at the 90-day LIBOR rate plus 125 basis points (1.395% at December 31, 2020 and 3.055% at December 31, 2019). As of December 31, 2020 and 2019, the amounts outstanding were \$336,889 and \$250,000, respectively. The line of credit matures June 30, 2022. The line of credit is secured by an investment account within the endowment fund. At December 31, 2020 and 2019 the fair value of the account was \$3,753,798 and \$3,617,175, respectively.

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 10 – Net Assets**

**Without Donor Restrictions** – Board-designated net assets without donor restrictions represent original board-designated principal, cumulative investment returns, and cumulative distributions from endowment funds without donor restrictions that have not met the specific requirements of the Board. A listing of board-designated net assets without donor restrictions by specific purposes as of December 31, 2020 and 2019 is as follows:

Designated Purpose	Proceeds From			2020 Total
	Collections Deaccessions	Endowment Distributions	Endowment Funds	
General Operations	\$ -	\$ 26,774	\$ 14,513,930	\$ 14,540,704
Museum Acquisition	50,563	274,381	2,257,609	2,582,553
Museum Conservation	457	3,672	1,183,734	1,187,863
Publications	-	10,681	572,809	583,490
Library Conservation	466	10,391	64,672	75,529
Library Acquisition	9,152	11,746	72,087	92,985
Library Improvements	-	8,116	36,230	44,346
Total Board-Designated Net Assets	60,638	345,761	18,701,071	19,107,470
Net Assets Invested in Property and Equipment, Net of Related Debt	-	-	-	3,430,739
Undesignated	-	-	-	748,207
Total	\$ 60,638	\$ 345,761	\$ 18,701,071	\$ 23,286,416

  

Designated Purpose	Proceeds From			2019 Total
	Collections Deaccessions	Endowment Distributions	Endowment Funds	
General Operations	\$ -	\$ 24,731	\$ 13,225,388	\$ 13,250,119
Museum Acquisition	50,563	229,604	2,152,790	2,432,957
Museum Conservation	8,374	10,535	1,001,270	1,020,179
Publications	-	2,532	524,283	526,815
Library Conservation	850	6,197	54,960	62,007
Library Acquisition	9,152	10,864	65,981	85,997
Library Improvements	-	7,090	33,160	40,250
Total Board-Designated Net Assets	68,939	291,553	17,057,832	17,418,324
Net Assets Invested in Property and Equipment, Net of Related Debt	-	-	-	3,418,529
Undesignated	-	-	-	379,830
Total	\$ 68,939	\$ 291,553	\$ 17,057,832	\$ 21,216,683

Of the board-designated endowment fund net assets without donor restrictions, as of December 31, 2020 and 2019, \$9,959,009 and \$9,927,859, respectively, are designated as original principal for investing in perpetuity, or “funds functioning as endowment.”

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Note 10 – Net Assets (Cont'd)**

**With Donor Restrictions** - Net assets with donor restrictions represent contributions that have not met the donors' specific purpose or time period restrictions, cumulative distributions from donor-restricted endowment funds that have not met the specific requirements of the donors, and the cumulative additions to the donor-restricted endowment funds that have not been appropriated for expenditure. Net assets with donor restrictions also include donor-designated original principal for investing in perpetuity; "endowment funds," and the CHS's beneficial interest in perpetual trusts. Net assets with donor restrictions as of December 31, 2020 and 2019 are as follows for the following purposes or time periods:

Restriction	Contributions	Endowment Distributions	Cumulative Endowment Additions	Endowment Funds	Perpetual Trusts	2020 Total
General Operations	\$ 30,737	\$ 2,727	\$ 4,928,937	\$ 6,769,603	\$ 16,121,453	\$ 27,853,457
Building	49,515	-	5,983,001	297,500	-	6,330,016
Old State House	-	11,289	186,254	620,942	-	818,485
Library Acquisition	-	483,409	3,058,279	682,930	-	4,224,618
Museum Conservation	3,455	91,888	272,789	37,500	-	405,632
Library Conservation	8,605	30,375	99,383	52,202	-	190,565
Museum Acquisition	-	1,022	-	-	-	1,022
Library/Museum	-	11,499	23,653	447,769	-	482,921
Passage of Time	198,897	-	-	-	-	198,897
	<u>\$ 291,209</u>	<u>\$ 632,209</u>	<u>\$ 14,552,296</u>	<u>\$ 8,908,446</u>	<u>\$ 16,121,453</u>	<u>\$ 40,505,613</u>

Restriction	Contributions	Endowment Distributions	Cumulative Endowment Additions	Endowment Funds	Perpetual Trusts	2019 Total
General Operations	\$ 64,054	\$ 644	\$ 3,824,518	\$ 6,424,603	\$ 14,668,874	\$ 24,982,693
Building	-	-	5,451,021	297,500	-	5,748,521
Old State House	-	8,579	117,883	620,942	-	747,404
Library Acquisition	-	464,954	2,741,354	682,930	-	3,889,238
Museum Conservation	127,679	87,061	243,798	37,500	-	496,038
Library Conservation	8,605	25,153	86,400	52,202	-	172,360
Museum Acquisition	-	1,022	-	-	-	1,022
Library/Museum	-	10,366	(16,320)	447,769	-	441,815
Passage of Time	241,827	-	-	-	-	241,827
	<u>\$ 442,165</u>	<u>\$ 597,779</u>	<u>\$ 12,448,654</u>	<u>\$ 8,563,446</u>	<u>\$ 14,668,874</u>	<u>\$ 36,720,918</u>

Net assets with donor restrictions were released from restrictions during the years ended December 31, 2020 and 2019, by incurring expenses satisfying the following purpose or time restrictions:

Restriction	2020	2019
General Operations	\$ 618,386	\$ 571,404
Building	257,821	259,834
Old State House	30,107	30,644
Library Acquisition	133,620	82,530
Museum Conservation	129,641	105,524
Library Conservation	802	374
Library/Museum	17,988	16,809
Passage of Time	50,000	50,000
	<u>\$ 1,238,365</u>	<u>\$ 1,117,119</u>

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**Note 11 – Leases**

The CHS leases several pieces of office equipment. The actual lease and rent expense for the years ended December 31, 2020 and 2019 was \$48,493 and \$38,007, respectively. The future minimum annual lease payments are as follows:

Future Period	Year Ending December 31,	
	2020	2019
2020		\$ 1,326
2021	\$ 1,326	1,326
2022	1,326	1,326
2023	1,326	1,326
2024	331	331
2025	-	-
Thereafter	-	-
	\$ 4,309	\$ 5,635

**Note 12 – Defined Contribution Retirement Plan**

The CHS participates in TIAA/CREF (Teachers Insurance and Annuity Association of America/College Retirement Equities Fund) which is a TSA under IRS Code Section 403(b) for its employees. The two specific programs involve the Retirement Annuity (RA) where CHS contributes 5% of an eligible staff member's gross salary beginning the second year of employment, and a Supplemental Retirement Annuity (SRA) or tax-deferred annuity (TDA) program where staff members may contribute up to the maximum allowed by law. For the years ended December 31, 2020 and 2019, the CHS's RA contributions were \$68,840 and \$58,500, respectively.

**Note 13 – Concentrations**

A material part of the CHS's operating and non-operating revenue is derived from investment income and net realized and unrealized gains on investments, the loss of which would have a materially adverse effect on the CHS. Investments are subject to market fluctuations beyond the control of the CHS. In meeting the CHS's investment objectives the CHS regularly obtains investment advice from professional investment managers which includes risk assessment and diversification strategies to mitigate investment risk. The CHS also receives a significant amount of contributions. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

**Note 14 – Intentions to Give**

The CHS periodically receives notification of gift intentions in the form of bequests which are revocable during the donors' lifetimes. Due to the uncertain nature of these intentions, the CHS has not recognized an asset or contribution revenue and it is not possible to estimate their value. The CHS has also received a conditional multi-year promise to give to create a specific donor-restricted endowment fund. The endowment fund has been partially funded as of December 31, 2020 and an estimated conditional receivable balance of \$900,000 remains. The CHS has not recognized an asset or contribution revenue for this estimated receivable due to its conditional nature. The CHS has also received a conditional promise to give for capital improvements and an estimated balance of \$600,000 remains as of December 31, 2020. The CHS has not recognized an asset or contribution revenue for this estimated receivable due to its conditional nature.





CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Trustees  
The Connecticut Historical Society

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Connecticut Historical Society, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 10, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Connecticut Historical Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Connecticut Historical Society's internal control. Accordingly, we do not express an opinion on the effectiveness of The Connecticut Historical Society's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Connecticut Historical Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
May 10, 2021



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

**Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and  
Report on the Schedule of Expenditures of State Financial Assistance Required by the  
State Single Audit Act**

Independent Auditor's Report

Board of Trustees  
The Connecticut Historical Society

**Report on Compliance for Each Major State Program**

We have audited The Connecticut Historical Society's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of The Connecticut Historical Society's major state programs for the year ended December 31, 2020. The Connecticut Historical Society's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of The Connecticut Historical Society's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about The Connecticut Historical Society's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of The Connecticut Historical Society's compliance.

***Opinion on Each Major State Program***

In our opinion, The Connecticut Historical Society, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2020.

## Report on Internal Control over Compliance

Management of The Connecticut Historical Society, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Connecticut Historical Society's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Connecticut Historical Society's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of The Connecticut Historical Society, as of and for the year ended December 31, 2020 and have issued our report thereon dated May 10, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 audit 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Maletta & Company  
Certified Public Accountants

**THE CONNECTICUT HISTORICAL SOCIETY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Economic and Community Development		
Special Project Support Grant	12069-ECD46820-16258-2019	\$ 10,000
Urban Action Bonds	13019-ECD46000-41240-093	<u>296,282</u>
Total Department of Economic and Community Development		306,282
Total State Financial Assistance		<u><u>\$ 306,282</u></u>

*See the accompanying notes to the  
Schedule of Expenditures of State Financial Assistance.*

**THE CONNECTICUT HISTORICAL SOCIETY  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

The accompanying schedule of expenditures of state financial assistance included state grant activity of The Connecticut Historical Society under programs of the State of Connecticut for the fiscal year ended December 31, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including programs and capital improvements.

**1. Summary of Significant Accounting Policies**

The accounting policies of The Connecticut Historical Society conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

***Basis of Accounting***

The expenditures reported on the Schedule of Expenditures of State Financial Assistance reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**THE CONNECTICUT HISTORICAL SOCIETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit finding disclosed that are required to be reported  Yes  No

Identification of major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
CT DECD		
Urban Action Bonds	13019-ECD46000-41240-093	\$ 296,282

Dollar threshold used to distinguish between type A and type B programs: \$100,000

**II. Financial Statement Findings**

There were no current year financial statement findings related to state financial assistance programs.

**III. State Financial Assistance Findings and Questioned Costs**

There were no current year findings or questioned costs relating to state financial assistance programs.