

**NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON**

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

YEARS ENDED JUNE 30, 2025 AND 2024

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
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CAIN, BOURRET, JARRY & CRESSMAN LLC

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Newton Historical Society, Inc.
d/b/a Historic Newton
Newton, Massachusetts

We have reviewed the accompanying financial statements of Newton Historical Society, Inc., d/b/a Historic Newton (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cain, Bourret, Jarry & Cressman LLC

Dracut, Massachusetts

January 5, 2026

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 76,053	\$ 14,055
Contributions and grants receivable - current	38,210	1,600
Prepaid expenses	20,814	12,700
Inventory	8,697	10,030
Investments - current	106,937	116,846
Total Current Assets	250,711	155,231
OTHER ASSETS		
Investments - noncurrent	3,393,496	3,067,270
Contributions and grants receivable - noncurrent	5,000	-
Total Other Assets	3,398,496	3,067,270
TOTAL ASSETS	\$ 3,649,207	\$ 3,222,501

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 40,821	\$ 45,961
NET ASSETS		
Without donor restrictions	2,459,983	2,265,427
With donor restrictions	1,148,403	911,113
Total Net Assets	3,608,386	3,176,540
TOTAL LIABILITIES AND NET ASSETS	\$ 3,649,207	\$ 3,222,501

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor</u>	<u>With Donor</u>	<u>2025</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
REVENUE AND SUPPORT			
Contributions	\$ 125,627	\$ -	\$ 125,627
Grants	128,978	136,644	265,622
Program revenue	51,610	2,264	53,874
Membership revenue	29,870	-	29,870
Investment income (loss), net	199,596	253,567	453,163
Contributed nonfinancial assets (Note 5)	346,712	-	346,712
Special events, net	14,394	-	14,394
Net assets released from restrictions satisfaction of program/donor restrictions	<u>155,185</u>	<u>(155,185)</u>	<u>-</u>
TOTAL REVENUE	<u>1,051,972</u>	<u>237,290</u>	<u>1,289,262</u>
EXPENSES			
Program service expenses	628,904	-	628,904
Management and general expenses	113,473	-	113,473
Fundraising expenses	<u>113,951</u>	<u>-</u>	<u>113,951</u>
TOTAL EXPENSES	<u>856,328</u>	<u>-</u>	<u>856,328</u>
CHANGE IN NET ASSETS BEFORE ACTIVITY RELATED TO COLLECTION ITEMS	195,644	237,290	432,934
EXPENDITURES ON COLLECTION ITEMS (NOTE 9)	<u>(1,088)</u>	<u>-</u>	<u>(1,088)</u>
CHANGE IN NET ASSETS	194,556	237,290	431,846
NET ASSETS, BEGINNING OF YEAR	<u>2,265,427</u>	<u>911,113</u>	<u>3,176,540</u>
NET ASSETS, END OF YEAR	<u>\$ 2,459,983</u>	<u>\$ 1,148,403</u>	<u>\$ 3,608,386</u>

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor</u>	<u>With Donor</u>	<u>2024</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
REVENUE AND SUPPORT			
Contributions	\$ 61,985	\$ 3,205	\$ 65,190
Grants	25,012	12,500	37,512
Program revenue	60,355	6,513	66,868
Membership revenue	28,968	-	28,968
Investment income (loss), net	332,824	56,844	389,668
Contributed nonfinancial assets (Note 5)	340,891	-	340,891
Special events, net	2,229	-	2,229
Net assets released from restrictions satisfaction of program/donor restrictions	95,401	(95,401)	-
TOTAL REVENUE	947,665	(16,339)	931,326
EXPENSES			
Program service expenses	572,520	-	572,520
Management and general expenses	107,845	-	107,845
Fundraising expenses	101,279	-	101,279
TOTAL EXPENSES	781,644	-	781,644
CHANGE IN NET ASSETS BEFORE ACTIVITY RELATED TO COLLECTION ITEMS	166,021	(16,339)	149,682
EXPENDITURES ON COLLECTION ITEMS (NOTE 9)	(105)	-	(105)
CHANGE IN NET ASSETS	165,916	(16,339)	149,577
NET ASSETS, BEGINNING OF YEAR	2,099,511	927,452	3,026,963
NET ASSETS, END OF YEAR	\$ 2,265,427	\$ 911,113	\$ 3,176,540

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTAL</u>
Payroll	\$ 153,175	\$ 2,318	\$ 88,318	\$ 243,811
Payroll taxes	15,347	116	4,416	19,879
Employee benefits	5,090	2,545	2,545	10,180
Total payroll and related expenses	<u>173,612</u>	<u>4,979</u>	<u>95,279</u>	<u>273,870</u>
Credit loss expense	-	1,411	-	1,411
Credit card and bank service fees	1,607	-	-	1,607
Dues and subscriptions	679	-	200	879
Equipment rental and maintenance	11,380	-	-	11,380
Food, refreshments, and entertainment	1,928	-	9,263	11,191
Historic house markers	5,919	-	-	5,919
Insurance	15,838	298	350	16,486
Landscaping	1,508	-	-	1,508
Marketing and promotion	3,284	-	-	3,284
Museum shop cost of sales	2,565	-	-	2,565
Office expenses	28,179	-	240	28,419
Occupancy	18,958	35	28	19,021
Postage and printing	10,292	-	1,091	11,383
Professional fees	62,140	43,737	7,500	113,377
Supplies expense	7,316	-	-	7,316
	<u>171,593</u>	<u>45,481</u>	<u>18,672</u>	<u>235,746</u>
In-kind contributed goods and services:				
Compensation and related expenses	220,892	55,773	-	276,665
Employee benefits	7,139	7,138	-	14,277
Occupancy	54,668	102	-	54,770
Professional fees	1,000	-	-	1,000
Total in-kind contributed goods and services	<u>283,699</u>	<u>63,013</u>	<u>-</u>	<u>346,712</u>
Totals	<u>\$ 628,904</u>	<u>\$ 113,473</u>	<u>\$ 113,951</u>	<u>\$ 856,328</u>

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTAL</u>
Payroll	\$ 127,458	\$ 15,600	\$ 86,000	\$ 229,058
Payroll taxes	15,452	2,543	1,565	19,560
Employee benefits	6,105	-	6,105	12,210
Total payroll and related expenses	<u>149,015</u>	<u>18,143</u>	<u>93,670</u>	<u>260,828</u>
Credit loss expense	-	260	-	260
Credit card and bank service fees	1,718	-	-	1,718
Dues and subscriptions	1,486	-	495	1,981
Equipment rental and maintenance	29,197	-	-	29,197
Exhibitions	1,944	-	-	1,944
Food, refreshments, and entertainment	2,807	192	-	2,999
Historic house markers	6,416	-	-	6,416
Insurance	13,007	402	-	13,409
Landscaping	2,923	-	-	2,923
Marketing and promotion	1,599	-	-	1,599
Museum shop cost of sales	4,037	-	-	4,037
Office expenses	25,629	-	4,141	29,770
Occupancy	14,641	27	22	14,690
Postage and printing	5,871	-	708	6,579
Professional fees	21,565	21,483	2,243	45,291
Supplies expense	17,112	-	-	17,112
	<u>149,952</u>	<u>22,364</u>	<u>7,609</u>	<u>179,925</u>
In-kind contributed goods and services:				
Compensation and related expenses	214,665	54,589	-	269,254
Employee benefits	4,216	12,649	-	16,865
Occupancy	53,670	100	-	53,770
Professional fees	1,002	-	-	1,002
Total in-kind contributed goods and services	<u>273,553</u>	<u>67,338</u>	<u>-</u>	<u>340,891</u>
Totals	<u>\$ 572,520</u>	<u>\$ 107,845</u>	<u>\$ 101,279</u>	<u>\$ 781,644</u>

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 431,846	\$ 149,577
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net loss (gain) on investments	(416,942)	(366,271)
Credit loss expense	1,411	260
Decrease (increase) in assets:		
Inventory	1,333	3,344
Contributions and grants receivable	(43,021)	48,354
Prepaid expenses	(8,114)	(9,865)
Accounts payable and accrued expenses	(5,140)	8,089
Net Cash (Used In) Provided by Operating Activities	(38,627)	(166,512)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	136,846	107,440
Purchase of investments	(36,221)	(23,396)
Net Cash (Used In) Provided by Investing Activities	100,625	84,044
Net (Decrease) Increase in Cash and Cash Equivalents	61,998	(82,468)
Cash and Cash Equivalents - Beginning	14,055	96,523
Cash and Cash Equivalents - Ending	\$ 76,053	\$ 14,055

See independent accountants' review report and notes to financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1. ORGANIZATION AND PURPOSE

Newton Historical Society, Inc., d/b/a Historic Newton (a non-profit organization) (the Organization) located in Newton, Massachusetts, was founded in 1953 as the Friends of the Jackson Homestead. The Organization, in cooperation with the City of Newton (the City), promotes inquiry into and exploration of Newton within the broad context of American history. The Organization conducts educational programs, hosts special events and encourages the public to visit its museums, exhibitions, and programs.

The Organization carries out its mission using the 1809 Jackson Homestead historic house and collections, owned and provided by the City, and the 1734 Durant-Kenrick House and Grounds (Durant-Kenrick), owned by the Organization. Durant-Kenrick expands educational opportunities for the public and preserves an important resource for the people of the City.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles and standards in the United States (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets whose use is not subject to donor-imposed stipulations. Contributions are available for unrestricted use unless specifically restricted by the donor.
- *Net assets with donor restrictions* – Net assets that are either available for use, but expendable only for those purposes, and/or with time restrictions, specified by the donor, or net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except those funds which the Board has designated for investment.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable

The Organization carries its contributions and grants receivable at net realizable value. On a periodic basis, the Organization evaluates its receivables and establishes an allowance for credit losses based on a history of past credit loss expense, collections and current credit conditions.

The Organization does not accrue interest on its receivables. A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable will be deemed uncollectible and charged against the allowance for credit losses or credit loss expense, if there is no allowance available. At June 30, 2025 and 2024, management has determined that no allowance for credit losses is necessary. Credit loss expense for the years ended June 30, 2025 and 2024 was \$1,411 and \$260, respectively.

Inventory

Inventory, consisting of books, postcards, and other educational items, are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days, and other personal days off, depending on job classification, length of service, and other factors. Unused vacation days may be carried over from one calendar year to the next up to a maximum of 5 days. Any accrued and unused vacation time will be paid to an employee upon their departure. Employees are not entitled to compensation for any accumulated but unused sick leave.

Accrued compensated absences for the years ended June 30, 2025 and 2024 were \$5,526 and \$6,773, respectively.

Revenues and Support Recognition

Revenue Recognition

In accordance with ASC Topics 606 and Topic 958, the Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Contributions and Contributed Services

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support Recognition (Continued)

Contributions and Contributed Services (Continued)

Contributions received with donor-imposed restrictions that will lapse are reported as restricted revenues when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Program Revenue

The Organization recognizes program revenue at the point in time the program takes place.

Membership Revenue

The Organization recognizes revenue at the beginning of the applicable membership period. The effects of not recognizing membership revenue over time ratably over the membership period, in accordance with accounting principles generally accepted in the United States of America, are immaterial to these financial statements.

Advertising

The Organization expenses advertising costs as they are incurred.

Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal and state income taxation under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3) of the Code and Section 830 CMR 63.38T.1 of Massachusetts General Laws. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expenses. The Organization is not a private foundation. Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal or state income tax. The Organization accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, *Income Taxes*. Management is not aware of any transactions that would negatively impact the Organization's tax-exempt status.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Organization would be recorded in operating expenses for the year. No interest or penalties from any tax authorities were recorded in the accompanying financial statements.

The Organization's federal tax returns and state reports for the years ended June 30, 2023 through June 30, 2025 (open years) are subject to examination by the Internal Revenue Service and Massachusetts Attorney General's Office.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurements

The Organization reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity.

The Organization's investments are classified as Levels 1 and 3 in the fair value hierarchy, as follows:

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date. In the absence of recorded sales, Level 1 investments are valued at the last quoted bid price reported as of the date of the financial statements.

Level 3 investment values are provided by the Organization's fund managers who develop their valuations using assumptions that market participants would use in pricing the assets and liabilities of the fund. These valuations rely on monthly statements and estimates obtained from the underlying fund managers, which consist of unobservable market inputs in accordance with authoritative guidance.

The Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the statements of activities as a component of net investment income. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date.

Investments reported as current assets consist of amounts available for expenditure in accordance with the Organization's spending policy.

Collections

The Organization's collections consist of historic buildings, landscapes, and artifacts of historical significance that are held for educational, research, and curatorial purposes.

The historical collections are not capitalized by the Organization. In addition, the Organization does not capitalize repairs or improvements to inexhaustible collections. All purchases of collection items and restoration or improvements to inexhaustible collections are recorded as decreases in net assets without donor restrictions in the year in which the expenditure is made. The Organization maintains a collection policy that addresses collections upkeep, accession and de-accession policies and other aspects of collections management. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections (Continued)

The Organization has adopted a policy that any proceeds from the sale of collection items are to be used to acquire other items for the collection or for direct care of the existing collection. The Organization defines direct care as actions that preserve and protect collections by enhancing their life, usefulness, or quality. Such costs include archival supplies, hardware and supplies for storage or exhibition, and other costs that management deems necessary for the preservation or restoration of its collections. In accordance with the policy of not recording collections in the financial records, donated collection items received during the year are not reflected in the statements of activities.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Adoption of New Accounting Standards

The Organization has evaluated the provisions of Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Based on this evaluation, management has concluded that the standard does not have a material impact on the financial statements, as the Organization does not have material financial instruments or other assets subject to the credit loss requirements outlined in the standard. The Organization has adopted this standard for the fiscal year ending June 30, 2024.

Reclassification

Certain amounts in the prior year financial statements may have been reclassified to conform to the current year presentation with no effect on previously reported net assets.

Note 3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in bank accounts at high quality credit financial institutions. The balances, at times, may exceed federally insured limits (FDIC). Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the standard maximum insurance amount was permanently raised to \$250,000. At June 30, 2025 and 2024, the Organization did not exceed the FDIC insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. The Organization monitors the credit-worthiness of the financial institutions in which it deposits money.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements.

NEWTON HISTORICAL SOCIETY, INC.
D/B/A HISTORIC NEWTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3. CONCENTRATION OF CREDIT RISK (Continued)

The Organization's investments are maintained in a diversified portfolio in an attempt to minimize potential risk associated with marketable securities to the extent possible. The Organization retains an investment advisor to make recommendations to the Finance Committee and the Board on an appropriate and prudent level of diversification.

Note 4. LINE OF CREDIT

The Organization has a \$200,000 revolving line-of-credit with a local financial institution. Interest is charged on any outstanding principal amount at the Prime Rate as quoted in the Wall Street Journal. The line of credit is secured by all of the Organization's assets. As of June 30, 2025 and 2024, there were no outstanding balances on the line-of-credit.

In addition, the line-of-credit agreement contains various financial covenants and restrictions. At year-end, management believes the Organization was in compliance with all covenants.

Note 5. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Compensation and related expenses	\$ 276,665	\$ 269,254
Employee benefits	14,277	16,865
Occupancy	54,770	53,770
Professional Fees	1,000	1,002
	<u>\$ 346,712</u>	<u>\$ 340,891</u>

In accordance with a Mutual Cooperation Agreement (the Agreement) dated October 1, 1991 between the Organization and the City, the City provides office space and management services to the Museum to augment the Organization's paid and volunteer staff.

Contributed compensation and related expenses comprise the salaries of employees who work in various departments of the Organization. Contributed compensation and related expenses are valued based on the salary paid by the City of Newton.

Contributed employee benefits comprise the benefits of the employees who work in the various departments of the Organization. Contributed employee benefits are valued based on the benefits paid by the City of Newton.

Contributed occupancy costs consist of expenses to operate the property and buildings at Jackson Homestead. Contributed occupancy costs are reported at the estimated fair value based on current rates.

Contributed professional fees consist of donated services to upkeep the property and buildings at Durant-Kenrick. Contributed professional fees are reported at the estimated fair value based on current rates.

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Note 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 76,053	\$ 14,055
Contributions and grants receivable	38,210	1,600
Investments, current	<u>106,937</u>	<u>116,846</u>
Financial assets at June 30	<u>221,200</u>	<u>132,501</u>
Less those unavailable for general expenditure:		
Purpose restrictions	<u>20,000</u>	<u>18,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 201,200</u>	<u>\$ 114,501</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a revolving line-of-credit with a local bank for \$200,000 (Note 4). In addition, the Organization has board-designated funds functioning as an endowment of \$2,255,336 (Note 9), of which \$106,937 has been appropriated for general expenditure for the year ending June 30, 2026. Although the Organization does not intend to spend from its board-designated funds functioning as an endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated funds functioning as an endowment could be available if necessary.

Note 7. INVESTMENTS

The following presents the Organization's fair value hierarchy for its investments measured at fair value on a recurring basis:

	<u>2025</u>	<u>2024</u>
Level 1:		
Money markets	\$ 19	\$ 1,548
Mutual funds		
Equity	1,305,841	1,175,064
Bond	<u>601,336</u>	<u>599,606</u>
Total Level 1	1,907,196	1,776,218
Level 3:		
Multi-asset pooled funds	<u>1,593,237</u>	<u>1,407,898</u>
Total investments	<u>\$ 3,500,433</u>	<u>\$ 3,184,116</u>

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Note 7. INVESTMENTS (Continued)

The multi-asset pooled funds (the Fund) are invested in common and preferred stocks, real estate investment trusts, high yield bonds, securities issued or guaranteed by the United States government, including Treasury inflation-protected securities, corporate bonds, and short-term investments, such as a high-quality, short-term money market instruments. In addition, the Fund may invest a substantial portion of its assets in synthetic and derivative instruments, such as futures, options, and swaps.

The fair value of the Fund, provided by the managers of the Fund, has been estimated using the net asset value per share of the underlying investment. Full or fractional shares may be redeemed on any business day upon a member's request. Because Level 3 investments are not readily marketable, their estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for such investments exist. Such differences could be material.

A reconciliation of investments in multi-asset pooled funds (Level 3) is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 1,407,898	\$ 1,260,998
Investment return (loss), net of fees	243,762	200,620
Transfers out	<u>(58,423)</u>	<u>(53,720)</u>
Ending balance	<u>\$ 1,593,237</u>	<u>\$ 1,407,898</u>

The composition of net investment income (loss) on all investments and cash and cash equivalents is as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 45,882	\$ 32,326
Net gain (loss) on investments	416,942	366,271
Investment fees	<u>(9,661)</u>	<u>(8,929)</u>
	<u>\$ 453,163</u>	<u>\$ 389,668</u>

Note 8. COLLECTIONS

The Organization's collections include the historic 1734 Durant-Kenrick House, museum-quality period furnishings and a historic parcel of land which provide an opportunity to interpret the Durant family and their civic engagement in pre-Revolutionary Newton. The land is historic in its own right as the site of the 19th century Kenrick nursery and orchard. The house and grounds provide an opportunity to interpret the Kenrick family, who were among America's first horticulturalists. The grounds will be historically preserved and interpreted with specimen trees from the Kenrick Catalogue.

Preservation restrictions for the exterior and interior of the house and on the land protect the historic building, structure, or site from destruction and inappropriate changes.

For the years ended June 30, 2025 and 2024, the Organization did not sell any collections. For the years ended June 30, 2025 and 2024, the Organization expended \$1,088 and \$105 relating to collections, respectively.

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Note 9. NET ASSETS

A summary of net assets is as follows:

	2025	2024
Net Assets Without Donor Restrictions:		
Undesignated	\$ 204,647	\$ 299,062
Board-designated funds functioning as an endowment	2,255,336	1,966,365
	2,459,983	2,265,427
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose:		
Burying ground program	5,140	5,140
Capital maintenance projects:		
Durant-Kenrick investments	218,420	265,324
Jackson Homestead and museum expansion	6,967	6,083
Newton history exhibit	235,027	-
Other	105,145	105,145
Elizabeth Newman oral history program	12,787	12,787
Other programs	27,717	30,146
	611,203	424,625
Subject to spending policy and appropriation:		
Museum Educuator accumulated return	137,200	86,488
Subject to restriction in perpetuity:		
Museum Educuator	400,000	400,000
Total net assets with donor restrictions	1,148,403	911,113
Total net assets	\$ 3,608,386	\$ 3,176,540

Note 10. ENDOWMENT FUNDS

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Board-designated Funds Functioning as Endowment

The Board has designated certain net assets without donor restrictions as funds functioning as an endowment to support the mission of the Organization. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. However, they are managed in the same manner as the donor-restricted endowment fund as described below.

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Note 10. ENDOWMENT FUNDS (Continued)

Donor-restricted Endowment

The Organization's donor-restricted endowment consists of one individual fund established in perpetuity at the request of the donor and its unappropriated income, which is donor-restricted.

Interpretation of Relevant Law

The Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires 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, the Organization classifies as net assets with donor restrictions (a) the original value of the initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the donor's direction expressed in the gift instrument. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to the spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Organization considers the long and short-term needs of the Organization in carrying out its mission, the duration, preservation, and restriction of the donor-restricted fund, expected total returns on the Organization's investments, and general economic conditions and other factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The change in endowment net assets for the years ended June 30, 2025 and 2024 is as follows:

	Without donor restrictions	With Donor Restrictions	
		Accumulated endowment return	Original gift held in perpetuity
Endowment net assets, June 30, 2023	1,826,926	48,321	400,000
Endowment return:			
Investment income, net of fees	<u>228,880</u>	<u>56,167</u>	<u>-</u>
Appropriations under spending formula	<u>(89,441)</u>	<u>(18,000)</u>	<u>-</u>
Endowment net assets, June 30, 2024	<u>1,966,365</u>	<u>86,488</u>	<u>400,000</u>
Endowment return:			
Funds transferred	100,000	-	-
Investment income, net of fees	<u>285,817</u>	<u>70,712</u>	<u>-</u>
Total endowment return	<u>385,817</u>	<u>70,712</u>	<u>-</u>
Appropriations under spending formula	<u>(96,846)</u>	<u>(20,000)</u>	<u>-</u>
Endowment net assets, June 30, 2025	<u>\$ 2,255,336</u>	<u>\$ 137,200</u>	<u>\$ 400,000</u>

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Note 10. ENDOWMENT FUNDS (Continued)

Endowment Net Assets with Donor Restrictions

Endowment net assets with donor restrictions include an original gift restricted in perpetuity under a challenge grant from the National Endowment for the Humanities (NEH) with a required three to one match of non-federal contributions restricted for the purpose of endowing a museum educator position, and accumulated endowment return which includes return on the fund restricted in perpetuity.

Return Objective and Risk Parameters

The Organization has adopted investment and distribution spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce annualized results that exceed the spending rate plus inflation while assuming a moderate level of investment risk. The Organization's investment goal is to provide an average rate of return in excess of approximately 5% annually. Actual return in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objective Relates to Spending Policy

The Organization has a policy of appropriating for distribution each year 4% to 6% of the average market value of investment funds determined by the prior three-year moving average through an appropriate month-end preceding the fiscal year in which the distribution is planned. For a significant newly board-designated or new donor-restricted fund which has been in existence for fewer than three years, the average market value is determined by the moving average value for the period the fund has been in existence, up to three years. For the years ended June 30, 2025 and 2024, the distribution rate was 5% and 4.5%, respectively.

In establishing this policy, the Organization considered the long-term expected return of a 5% spending rate plus inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Note 11. OTHER MATTERS

The Organization claimed the Employee Retention Credit (ERC) in prior periods based on its interpretation of applicable regulations. Management believes the credits were claimed in compliance with IRS rules. However, due to the complexity of ERC requirements and scrutiny by the IRS, there is a risk that the credits may be subject to audit or adjustment. Management is not currently aware of any audit or examination related to the ERC claims.

Note 12. SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2025 through January 5, 2026, the date the financial statements were first available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.